It’s not what you know. It’s how you think.

HOW TO THINK ABOUT HIRING
PLAY SMARTER TO WIN THE TALENT GAME

LEARN HOW TO:
Avoid the most common hiring mistakes
Find and recruit better talent faster
Ask the interview questions that really matter
Use a hiring "draft board" to choose the best hires
Make hiring a strategic business advantage

LEX SISNEY
Author of Organizational Physics
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Acknowledgments

The purpose of this book is to equip entrepreneurs, CEOs, and hiring managers with a complete system for making smarter hires and to have more fun while doing it. Writing a book is a team effort and, without the significant contributions from several amazing leaders, this book would never have come into existence.

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Foreword

Do you love to read? I do. In my career as a sports and entertainment attorney, I read seven newspapers seven mornings a week and countless internet sites on sports and the NFL. The new wave of analytic sites devoted exclusively to football also occupies much of my time. My shelves are filled with books on leadership, team building, and management—and when it comes to these topics, I often feel like I’ve heard it all.

So, when I came across an internet post about hiring like NFL winners, I thought it might be more of the same. However, Lex Sisney’s article was surprisingly different than the rest because it hit so close to home. I discovered that Lex’s approach to talent management closely mirrored my own experience and philosophy around how to build winning teams.

You see, I’ve spent the last 25 years representing those who play to win: from Heisman Trophy winners to BCS National Champions to World Champions. Nearly a decade was spent with the New England Patriots as their General Counsel/Player Personnel. I led the negotiations for talent management acquisitions as well as other business and legal functions. It was quite an enjoyable and rewarding experience as the organization achieved one remarkable success after another: four Super Bowl appearances, three World Championships, six Division Titles, and the longest winning streak of regular season and playoff games in NFL history. We were recognized by national media and industry publications as “The Best Team in Sports,” “Team of the Decade,” and “The Best Organization in Sports.” Even the other teams in the league took note of the success, voting the New England Patriots as “the Best Organization in the National Football League.”

How was this accomplished? First and foremost, we took a systematic approach to talent acquisition and management centered on getting the job done. The creation of a code identifying who we already had and who we needed to acquire was vital, but just as vital was the “fit” within our system. It is obviously necessary to acquire talent with skill, but it is supremely important to acquire those who will consistently perform their individual job responsibilities. We built a winning culture around a rally of “team first.” And finally, we always managed our salary cap space so the organization was healthy in the short and the long term.

What you will find in the following pages speaks to what made the Patriots a winning organization. Indeed, Lex has captured the essence of what we were doing better than anyone else I’ve read—and believe me, many have tried. But let me be clear, this book isn’t about the Patriots or the NFL. It is about defining the very foundation for how any organization should think about hiring and then integrating leading-edge management theory and real-world experience, making those principles easy to apply and scale. It’s really a book for any leader in any organization who wants to leverage talent acquisition and management to create a competitive advantage and sustained winning environment.

I hope and trust you will enjoy this book as much as I have, and I encourage you to put its principles into practice. If you do, you and your team will be doing your job AND that includes winning. ~ Jack Mula, Waltham, Massachusetts
Introduction

What the NFL’s Best Teams Can Teach You About Hiring

“It’s a good idea. I’m in favor of it.”

– Tampa Bay Buccaneers coach John McKay, when asked what he thought about his team’s execution

This is a book about proper framing. It’s designed specifically for CEOs, department heads, hiring managers, and anyone else seeking an edge in how they think about hiring. It will equip you with a powerful framework for understanding who to hire, who not to hire, and how to build a high-performing team.

The framework that I’m going to share is simple, powerful, and timeless. No matter how complex or chaotic the world of talent management might seem on the surface, there are some basic principles at work underneath it. When you understand the principles, you can execute a winning process.

Where does such a framework come from? It’s not born in the ivory towers of academia or in the manuals of human resource theory. While I do integrate it with a proven, cutting-edge approach to management, the core of this framework comes from a totally different arena: an artificial field of violent, graceful, and ingenious sport and spectacle called the National Football League (NFL).

The NFL is the most popular professional sports league in the United States. In fact, it’s bigger than the next three largest professional sports leagues combined. But what makes the NFL such an interesting field of study for our purposes is not its popularity but its parity.

Each season, all 32 NFL teams begin with the same chance to be competitive. All teams have a roughly equal amount of money to spend and the same number of players to a roster, and the worst teams from last season get higher draft picks and an easier schedule this season. If a team gets “harmed” during free agency, the league will assign it compensatory draft picks to help it stay even.

Parity in the NFL has worked. On any given Sunday, one team can beat another. However, a few teams—despite parity—have been able to win consistently over time. In fact, over the past 13 NFL seasons, just 6 teams out of 32 have achieved a 60% or better winning percentage: the Patriots, Colts, Steelers, Packers, Ravens, and Eagles, with only one team achieving a 70% winning percentage: the Patriots.

Clearly, if everything else is held nearly equal, then these winning teams have cultivated an edge in how they go about managing their business and developing their front office and on-field staff. In short, they think differently than the rest and because they think differently, they execute differently.
Is there something you can learn from how these teams approach talent management? If there is something you can take away, can you actually apply it in growing your own business—a business that likely has just a fraction of the money and assessment resources of an NFL team? And can you teach it to your own team?

These are smart questions to ask. Even if you don’t follow the NFL or understand the rules of the game, anyone can appreciate the dedication it takes to thrive over time in a highly competitive setting. True, the NFL has its problems and its detractors. It’s violent beyond belief. It’s hypocritical when it comes to player safety. Its locker rooms and rosters are filled with some great men and some giant assholes. That said, the NFL still makes a fascinating case study for how to think about the hiring process for every business, not just a professional sports team.

While you may not have considered the similarities between your business and an NFL team before, there are many. First, you too are faced with intense competition for great talent. Second, you can’t just throw money at the problem. You have finite time, energy and resources to make great hires and avoid bad ones. Third, when an athlete is drafted and signed to a professional contract, they’re effectively being hired to do a job just as you hire an employee or independent contractor to do a job. So while your “draft picks” don’t get interviewed on ESPN, the fundamentals of getting the right talent at the right price are the same. Fourth, and most important, you’re not just looking to hire individual talent; you’re looking to build a winning team.

Just as the NFL pours millions of dollars into how it assesses and hires potential draft picks, businesses of all types and sizes do the same when it comes to hiring. In fact, according to a recent IDC (International Data Corporation) report, businesses actually spend over $85 billion each year trying to make the hiring process more efficient and effective. They invest in recruiting services, comparative profiling, psychometric tests, research, training, and other ways to try to get an edge in hiring and make it a little less painful.

Despite these massive investments, hiring is still a messy, expensive, convoluted process. For instance, in a recent Career Builder Survey of over 6,000 hiring managers from the world’s ten largest economies, more than half report making a bad hire that caused significant harm to revenues, productivity, client relations, or morale costing more than $50,000 per bad hire.

If you’ve been in the working world for more than a year, then you don’t need these stats to tell you how painful it is to make a bad hire and how challenging it is to get the hiring process right. If you can solve the hiring puzzle, then you can transform your business. And if you can’t, and you make a string of bad hires, then you’re soon going to be out of business.

So what can you learn from the NFL’s winningest teams that hasn’t yet been captured by one of these tools, services, or recruiting firms? Why do businesses pour so many resources into them and still come up short? And can the hiring process ever be truly improved, or will it always be an expensive crapshoot?

If you were to ask today’s HR experts how to improve the hiring process, they’ll tell you that the answer is having more technology and data. For instance, there’s a fast-growing startup where I live in Santa Barbara, California, that helps companies “spy” on
a candidate’s Facebook page so they can know what that person is really like and avoid hiring a sociopath. It’s all perfectly legal and EEOC compliant.

There’s yet another company nearby that will do a personality profile on your top performers and then compare them to new job applicants. Supposedly, this approach will weed out the riff raff to help find candidates who mirror the thought patterns and behavior of your existing A-players. It’s too bad that this company’s clients haven’t yet understood that high performers actually work best when they are surrounded by complementary, not similar styles of colleagues.¹

Or perhaps you’ll hear that poor hiring is actually a supply side problem that occurs from a lack of adequately trained candidates coming out of colleges, universities, and trade schools. The solution lies in how we prepare young people to enter the workforce and older people to transition their skills. If you believe this, then I know a few politicians who’d love to speak with you. Bring your checkbook.

Technology and training can play a part in improving the hiring process. But most NFL teams have near-equal technical capabilities and near-equal training regimes. Sure, every few seasons one team might develop an innovative technical or training edge, but that edge is quickly wiped out when other teams copy it. (The NFL is notorious as a copycat league. If something seems to be working, teams will quickly adopt it for their own use.)

If you were to ask the common fan why some teams perform consistently better than the rest, they’d tell you it’s because those teams have a great coach and a great quarterback: “Why have the Patriots won 70%? Easy. They have Belichick and Brady. ‘Nough said.”

Is that true? There’s some truth to it. Would the 2013 Broncos have reached the Super Bowl without Peyton Manning? Nope. Special players like Manning are hard to find and if you get one, you can build a dynasty around him.

But it’s just as true that stars are developed, not born. We’re all shaped by the systems we inhabit and the NFL is rife with stars who were once rejects on their former teams but were fortunate enough to sign on with another team where their style, values, and talents were a better match, and that’s how they became stars (see Wes Welker or James Harrison).

It’s also true that great players get hurt (just like when a top performer at your company no longer performs like they used to or quits unexpectedly). When team stars go down, the teams that don’t win consistently tend to implode. Those that do win consistently tend to keep on winning, even without those former stars. New players enter the scene but the victories keep piling up.

Finally, there are two objections that I often hear from executives when I tell them that the NFL can teach them about hiring. “That’s not applicable to us,” one struggling startup founder told me recently, adding “The NFL can try out players before hiring them. If we could try out staff members before hiring them, we’d do a better job too.” I’ve

¹ You can read a good summary of the issues around teams made of complementary vs. similar players in parts II and IV of Organizational Physics: The Science of Growing a Business, as well as the blog post What’s the Common Ingredient for Team Success in Surgery, Banking, Airlines, and Basketball? May 7, 2013.
also heard: “The NFL has tons of standardized data to work with and a common hiring pool to compare players through the draft. If we had that level of standardized data and a common hiring pool, we’d be world-class at hiring too.”

It’s irksome to me that I hear these objections because these executives just aren’t getting it. Yes, the NFL can try players out and then decide to keep them or cut them. So what? Your business can do the same. In fact, you should always try to structure your new hire arrangements so that you can date before getting married. It’s called a trial period and it’s easy to do and perfectly appropriate.

It’s true: The NFL has a lot of standardized data to work with. Team management knows the height, weight, 40-yard dash time, Wonderlic score (an “intelligence” test), and playing history of every prospective and future player. They also have hundreds of hours of tape on every player’s past performance on the football field.

If most of corporate America and Silicon Valley startups are driving hard to get more and more standardized and relevant information on potential recruits—again, so what? (There is, in fact, a simple way to get relevant, standardized data on job candidates that I’ll explain later.) The consistently winning teams use the same data set and have the same opportunities, both in the draft and in recruiting outside of the draft by using free agency, as every other team yet they consistently outperform their peers. How?

Clearly, there’s something beyond technology, data, training, individual talent, and luck that the winningest NFL teams do differently than the rest over time. So what is it?

The answer is both simple and profound: Consistently great teams don’t scout and hire for great talent. They scout and hire for great talent that is a supreme fit for their system. They always think about building a team with a strong collective identity at a fair price, instead of just collecting individual talent at any price.

In addition, great teams tend to develop through the draft rather than relying heavily on expensive free agents. They also have a system for recognizing when to unload an existing player to another team and they manage their payroll (their biggest expense) in such a way that the organization is healthy in the short and long run.

In this way too, your business is a lot like an NFL team. You operate in an intensely competitive environment. You need to hire and develop top-notch managers and players. But unlike the Yankees or Manchester United, you can’t just throw money at the problem. You’ve got to play “moneyball” instead and find the right mix of skills for your system and at a good value compared to market rates. You need to build a team, not a collection of mercenaries.

Put another way, the hiring process can be improved in your business by copying the NFL’s best teams, but this doesn’t require new technology, more training, or getting lucky. It starts from rethinking how you think about the hiring process itself. Unless you and your team have the right paradigm to think about hiring in the first place, then no matter what tools, resources, and processes you deploy, your hiring process will still be flawed.

This is exactly what Bill Belichick realized early in his coaching career. Today, you may know Belichick as the head coach and de facto GM of the New England Patriots and one of the most successful coaches of all time. But 25 years ago, he got his first head coaching start with the lowly Cleveland Browns.
According to the book *War Room: The Legacy of Bill Belichick and the Art of Building the Perfect Team*, when Belichick took the helm at Cleveland he was already crystal clear on the type of team he wanted to build—a big, strong, fast team that was capable of playing in any weather and in loud, hostile Rust Belt stadiums, and was smart enough to adjust their schemes each week to take away the biggest strengths of their opponents.

During his first days on the job, however, he quickly noticed that the Browns’ pro and college scouts, coaches, and administrative staff were not thinking about the hiring process in a smart and unified way. Because they weren’t thinking about it in the right way, they weren’t going about it in the right way, and they certainly wouldn’t be able to create a sustained competitive edge until they changed their thinking:

“[The Browns staff] were not speaking the same language when it came to personnel. There was one grading scale for evaluating the pros and an entirely different one for analyzing collegians. Even worse, in his opinion, there was no organizational identity. After all the scouting, who were the Browns trying to be?”

It seemed to him that there wasn’t a good systematic answer to the question, so that became one of his missions: Build one player-evaluation system, for pro and college players alike, that always provided an instant snapshot of who a player was and whether he was capable of helping the Cleveland Browns. When the system was perfected, the coach imagined, everyone in the organization would be able to glance at a couple of numbers and letters on a scouting report and know exactly what type of player was being discussed.”

Belichick was never able to complete such a system for the Browns. A few years after taking the job in Cleveland, the team was moved to Baltimore and Belichick was fired. But the vision was set and years later, when Belichick became the head coach of the New England Patriots, he was able to put such a talent evaluation system in place. With a few notable exceptions, the results have been stunning.

What Belichick recognized when he started with the Cleveland Browns is that hiring and development of front office and on-field staff were going to be critical to the organization’s success—but also that the organization lacked the framework to transform this into a competitive edge to wield against the competition.

It took Belichick years to refine his talent evaluation system. But once he got it going and cascaded it throughout the Patriot scouting teams and front office, this transformed a haphazard process into one that is much more accurate, powerful, and scalable.

I’m not saying the Patriots and other top-performing teams have been perfect in their drafting and team development (they haven’t) but that the way they think about hiring and the approach they use gives them a slight edge over the other teams. And in a highly competitive setting, a slight edge is enough.

To drive this point home, I’d like you to reflect for a moment about how exactly you think about the hiring process in your business today. Are you searching for a particular personality? A salary range? Past experience? Education or credentials? A personal referral? Commitment to a vision? Job skills? Upside potential? Cultural fit? To avoid a
future liability? All of the above? If you are clear on the above, how do you go about determining it, what tradeoffs are you willing to accept, and why? Finally, how do you and your team actually know it when you see it, in a way that everyone can agree on?

The purpose of this book is to equip you with a framework for how to think about hiring and people development in a new and powerful way. In these pages, I am also going to share with you a 5-step process to bring that framework alive in your organization, helping you become experts at making great hires and avoiding bad ones.

In essence, by putting the principles I’m going to teach you into practice, you’re going to be able to say exactly what type of candidate you’re looking for and why, and you’ll be able to recognize it when you see it. In addition, everyone else in your company who’s involved in the hiring process will be able to do the same.

Now…is that it? Is having the right framework and a sound process enough to transform how your business does hiring and create a sustained competitive advantage? Nope. As you know, many teams study the winners but few are able to emulate them.

Consider the framework you’re about to learn as your starting point. It creates a powerful reference for how to think about hiring and people development. But it doesn’t do the work for you. You still need to put it into action by applying your own skills, creativity, passion, and experience to the hiring problem. Even more importantly, you must have sound business fundamentals in place, a winning culture, and the ability to adjust and adapt to changing market conditions. When all those things are in place, doing hiring and people development better can indeed help you create a sustainable competitive edge.

Just as a great football coach must have first mastered the high-level concepts of the game in order to focus on the nuances and details, How to Think About Hiring equips you with the winning concepts of hiring and talent management so that you can more easily adjust to myriad situations and execute for success.

Not only that. I’m sure that you’ll also find this method to be faster, easier, and a heck of a lot more fun than the way you’ve done hiring until now.

So let’s get started.
Chapter 1
The Draft Board:
The Ultimate Talent Management Framework

“The main ingredient of stardom is the rest of the team.”
– John Wooden

Every season the NFL has a draft for new players. There’s a lot of organizational focus and media attention on the draft, which gets NFL fans in a tizzy of excitement too. “Who will our team draft this year?” “Will they botch it up again?” “Is there hope for the Browns finally?”

Before and during the draft, each team creates its own version of a draft board. The draft board helps team management think about where they believe the relative value of a prospective player is compared to the market demand and the team’s needs.

If you’ve ever heard an NFL GM tell the media “we worked our draft board perfectly this year,” what he’s really saying is that he believes the team got the players it wanted for the price they wanted to pay.

Even though your organization doesn’t hire employees all at once during a certain time of year like the draft and you don’t recruit employees in a hierarchy of rounds but by current need, you still need your own version of a draft board that allows you to think clearly and accurately about who (and who not) to hire and why, and where the value of a particular candidate lies.

If you had this in place, you could place any prospective new hire on the draft board and—at a glance—see if they’re a fit, what the trade-offs are for each candidate, and how they compare to existing staff. You would even glean insights into how to best recruit, manage, and develop them. In short, such a draft board would bring great simplicity and clarity.

The right draft board will apply not only to prospective new hires but also to existing staff. That is, if you were to place an existing staff member on the draft board, you might notice that it’s time to give them a raise, or that they’re suitable for a new position or a promotion into a leadership position. Conversely, you might realize that it’s time to let them go and find someone new.

Figure 1 below is just such a draft board. It’s based on the team leadership framework created by legendary San Francisco 49ers football coach and GM Bill Walsh, who was the architect of the 49ers football dynasty in the 1980s. There’s a richness of detail here that I will explain throughout this book. For now, just scan it quickly to get a sense for what a blank draft board looks like:
Figure 1. The draft board is a powerful framework that can be used by any business to improve how it hires and develops its talent.

Like many great things in life, this draft board is both simple and incredibly useful. It groups all of an organization’s current staff and/or potential job candidates into one of four quadrants:

- **The Team Leaders in quadrant 1** demonstrate high skills and fit for their role, share the company’s desired vision and values, and demand fair compensation (defined as at or below market rates for your industry and corporate lifecycle stage). That is, they could get more money elsewhere but they choose to take less because they intrinsically value being part of the team and the opportunities in a role that is well suited to their strengths and interests.
  Team Leaders define “the way” of your organization much like Peyton Manning or Tom Brady are team leaders who define the way of their respective teams. “Hey rookie, see how Peyton Manning studies film every morning at 6 a.m.? That’s the kind of player we want around here. Prepare like he does and you’ll do just fine.”
  Think of your Team Leaders as stars, starters, or captains. They may or may not be leaders in the sense of “managers,” but they will definitely be your team’s role models. You’ll want to reward and retain them for as long as possible. Give them ownership opportunities, career paths, and autonomy and support them as role models for the rest of the company.

- **The Team Players in quadrant 2** don’t have the same technical skills, fit, or experience as Team Leaders but they share the same desired vision and values and don’t cost an arm and a leg relative to market price.
Team Players are valuable to your success and you definitely want them around. It’s very hard to find people who share the same vision and values and embody “the way” of your organization. If they have the raw talent, it’s much easier to develop their technical capabilities over time to become Team Leaders or, alternatively, to keep them on as valuable role players. It may also be that, as they develop their capabilities and acumen, a role in the organization opens up that is a very strong fit for their style.

Think of your Team Players as your role players or bench. You need to coach them to develop their technical proficiency and groom them into the right role, while still celebrating them as key contributors to the team’s success.

• The Specialists in quadrant 3 have high technical skills and are a strong style fit for the job, but they don’t share the same vision and values and may be very expensive compared to market rates.

Specialists are viewed as highly capable experts who don’t fit into the desired organizational culture. While Specialists can get the job done, great organizations rely on them sparingly and never place them in core leadership positions because the Specialist doesn’t share the company’s desired vision and values. For example, having a primadonna wide receiver like Ochocinco in an NFL locker room can shift the focus from the collective “we” of the team to the “me” of the individual ego. In the same way, a Specialist in a leadership position who doesn’t embody the desired vision and values can quickly turn a once-winning organizational culture into one that is toxic and defeating.

Think of Specialists like a group of mercenaries or free agents who get paid well to perform a specific function. If you do choose to use them to fill some talent gaps, keep them on the periphery of the organizational core and pay them cash on the barrelhead for a job well done.

The biggest mistake you can make when hiring a Specialist is to delude yourself into thinking that you can mold him or her into a Team Leader with the proper incentives and motivation. Don’t do it! They are who they are, and no amount of incentives is going to change that fact unless they themselves want to change.

Still, even with a strong individual commitment to change, personal character development can take a long time and can easily be tripped up. So if you do hire a Specialist, avoid putting them in a leadership position but allow them to express their high level of skills and acumen outside of the organizational leadership core.

• The Waivers in quadrant 4 do not have the skills and fit and do not buy into the desired vision and values. Or, they simply demand way too much compensation beyond market rates for a company of your size and industry.

Waivers are who you’re trying to avoid hiring in the first place. The easiest time to make a waiver is before they even get hired! So if in the interviewing process you notice the signals of a quadrant 4, the answer is straightforward: Do not hire!

The next hardest waiver to make is an employee who sneaked through the hiring process and turned out to be a poor fit that now sucks others’ time and energy.
This person doesn’t perform at a high level and doesn’t embody the desired cultural traits. So why do you have them around? Now that you’ve recognized the mistake, fix it. Fire them or trade them to the competition. Fast.

By far, the hardest waivers to make are those former Team Leaders and Team Players who no longer have the high level of technical skills or fit within an evolving organization, or who are just demanding too much compensation relative to market rates for a company of your size and industry.

While it’s hard to say goodbye to these once-valued team members, it’s even harder to be burdened with excessive overhead and a diminishing skill set. (Just ask the Raiders, who have been trying to work themselves out of expensive and underperforming contracts for the past five years.)

You should notice immediately that this framework provides a strong foundation for how to think about who is on your team now and who you want on your team in the future. It tells you that:

• **You need a strong core of #1 Team Leaders** who are extremely talented at what they do, are a great fit for your system, share the desired vision and values, and ask a fair price relative to market rates.

• **You need a deep bench of #2 Team Players** who aren’t yet as talented as your starters (or there’s not the same level of job fit) but buy into the desired organizational culture and do the work for a fair market price.

• **For the most part, you want to avoid using #3 Specialists** who, if placed in leadership positions, can quickly turn the organizational culture toxic or tip the payroll balance by demanding exorbitant fees to be part of the core team.

• **You must avoid hiring and retaining #4 Waivers**, who don’t have the skills, are not a good fit, don’t buy into the vision and values, or make it too expensive in time, energy, or money to keep them around.

As you can see, the draft board provides a strong foundation for how to think about the types of players you want on your team. Mastering the basic concept is both easy and intuitive—and everyone involved in the hiring process will find it simple to apply.

Even more than that, the draft board also sets the stage to create a powerful common language within your company. A common language, or code, promotes rapid communication and instant understanding. Having such a code is incredibly important not only for the hiring process but also for overall communication and organizational performance.

The winningest teams in the NFL understand this. Each one uses their own proprietary written code or shorthand to define players’ skills and fit within their system. The Patriots, for instance, use an upper- and lower-case letter and numbered grading system that compares a potential draft pick or free agent against existing players on the Patriots roster.²

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Patriots scouts are required to rank players using this internal code to describe not only their physical characteristics, but also how they play the game and fit within the Patriots’ system: e.g., are they aggressive? smart? instinctual? observant? tough? passionate? studious? and so on.

Using a code to identify and communicate the kind of player the team needs for any particular position is brilliant. Once you know the language, you can have a near-instantaneous understanding of an existing player or potential draft picks. A code also forces the entire organization to get on the same page regarding what an ideal player is like—and therefore strengthens your organizational culture. What does a starting Patriots linebacker look like and how should they go about their job? The code tells it.

Your business needs a similar code—and the draft board framework provides it. The code needs to be able to answer this question: “What are the desired characteristics for this role and is there a match with this employee or job candidate?” The code must be simple, fast to use, and easily understandable by everyone involved in the hiring process.

Figure 2 below shows an example of the start of an active draft board. This draft board is for a new Head of Operations role for an expansion-stage healthcare technology company. It includes the new shorthand code that you will soon master.

![Figure 2. The target represents the ideal candidate for the Head of Operations function for this particular company.](image)

Learning a new language takes a bit of practice but already you should have an initial grasp of the type of candidate this company wants just by glancing at the draft board target. What can we tell?
The company is seeking a #1 Team Leader who demonstrates high job skills and high style fit for the role, who shares the desired vision and values, and who demands fair compensation compared to market. In addition, we can tell that the right candidate is a Producer/Stabilizer style (PSiu) in their approach—meaning that he or she will thrive when working to accomplish the daily/weekly work and to bring order or efficiency out of chaos, which makes sense for a Head of Operations position. The shorthand code for this role is therefore "1PSiu," which indicates the desired draft board position (quadrant 1) and the desired style (Producer/Stabilizer) of an ideal candidate.

PSIU stands for the Producing, Stabilizing, Innovating, and Unifying forces (think “PS I love U” to remember them). It is a form of management shorthand that tells you what kind of style, strengths, and approach you require in any given position. For instance:

- If this role requires a high drive to be relentlessly focused, results-oriented, and with a deep capacity for hard work, score the role with a capital “P” for the **Producing force**. The Producer is focused on what to do now and getting it done quickly. To get an immediate sense of the Producer’s qualities, think of a fast-charging, focused, determined, high-energy person who thrives on working long and hard.

- If this role requires a very structured, process-oriented approach with a high drive to bring order out of chaos, score the role with a capital “S” for the **Stabilizing force**. The Stabilizer is focused on how to do things and working methodically to get them done the right way. To get an immediate sense of the Stabilizer’s qualities, think of a very structured, process-oriented person who likes to analyze the data before making a decision. This person is highly organized, has outstanding attention to details, and takes their time in their words and actions.

- If this role requires high creativity, innovation, and adaptability, with a natural ability to find creative solutions to complex problems, score the role with a capital “I” for the **Innovating force**. The Innovator is focused on driving change while finding new and better ways of doing things. The lens they use to view the world is, “Why not?” as in: “Why not do it this way?” or “Why not try putting these two things together?” To get an intuitive sense of the Innovator’s qualities, think of a dynamic, creative, big-picture person who has myriad new ideas and is usually excited by the latest one—until a new one strikes again.

- If this role requires high empathy and teamwork with an innate ability to coalesce the team and clients and keep everyone on the same page, score the role with a capital “U” for the **Unifying force**. The Unifier is primarily focused on who is involved and the interpersonal dynamics of the group. To get an immediate sense of the Unifier’s qualities, think of a very likeable, gregarious, warm people person who is in tune with others.
The Four Forces

Wait…four what? If you’re new to the principles of Organizational Physics, then the concept that four forces can give rise to individual management styles may raise some questions at first. If so, then here are the basics of what you need to know…

Every complex adaptive system—from a person, to a family, to a company—must shape and respond to the environment and do so as a whole organism, including the parts and sub-parts. If it doesn’t, that system will lose integration with the surrounding environment, entropy will take over, and it will fail.

Consequently, each of us expresses a management style that reflects our own unique combination of the Producing, Stabilizing, Innovating, and Unifying forces—or our own drive to shape and respond to the environment combined with our propensity to focus on the parts or the whole system that we’re managing.

If you’re interested in learning more about this theory of change management, the Adaptive Systems Model, then read Organizational Physics: The Science of Growing a Business or visit the resources page referenced at the end of this book. You don’t need to know the theory, however, in order to benefit from this approach. For our purposes in this work, PSIU is a fast and accurate code that clarifies and communicates the style you require in an ideal candidate and, as I’ll show you in the following chapters, allows you to quickly determine if there’s a match.

You’ll notice that the PSIU shorthand we use for any position includes just two capital letters (PSiu, Pslu, PslU, PslU, pSiU, pSiU). Why is this, and why not show all capital letters to indicate an all-around all-star player? There is no PSIU superhuman who is equally strong across all four domains at the same time. Life is a trade-off. If you have a strong force in one area, this will dictate a relatively weaker force in another area. It’s how nature forms complements.

For instance, imagine a highly creative entrepreneur or a Pslu (Producer/Innovator) style. Now ask that entrepreneur to do bookkeeping for a week, which requires a PSiu (Producer/Stabilizer) style to be effective. What do you think will happen?

If the entrepreneur is intelligent, trained, and capable, of course he or she can do the bookkeeping work. But look at the cost! Bookkeeping and accounting do not fit the entrepreneur’s natural style. Maybe this person can do the work but, by the end of the week, they’ll be burned out and irritable because they haven’t been able to express their strong Innovating force or natural style. Not to mention that the bookkeeping probably has a lot of errors because the entrepreneur lacks the attention to detail characteristic of a strong Stabilizing force.

You want people on your team who have a natural style fit for the role you need them in. A mature, healthy individual will demonstrate their primary style as a high drive
In at least two areas (versus one area alone). In addition, two forces are enough to capture what’s most important for a given role. Here’s how the basic combination of two forces is reflected in individual management styles:

- **Producer/Stabilizer** (PSiu) – Has a high drive to accomplish the daily/weekly work and bring order out of chaos.
- **Producer/Innovator** (Pslu) – Has a high drive to accomplish the daily/weekly work and find creative solutions to complex problems.
- **Producer/Unifier** (PsIU) – Has a high drive to accomplish the daily/weekly work and keep the team/clients on the same page.
- **Stabilizer/Innovator** (pSIu) – Has a high drive to bring order out of chaos and find creative solutions to complex problems.
- **Stabilizer/Unifier** (pSiU) – Has a high drive to create efficiencies and keep everyone on the same page working well together.
- **Innovator/Unifier** (psIU) – Has a high drive to find creative solutions to complex problems and win over hearts and minds by virtue of influence and charisma.

You’ll soon become very proficient at understanding and utilizing the PSIU code in your hiring, but in order to give you an immediate sense of how the entire draft board process fits together, check out Figure 3 below. It shows an active draft board for the same position, but now with three different job candidates. In case it’s not immediately obvious, the best candidate is Gus, the one closest to the target:

![Figure 3](image URL)

**Figure 3.** An example of an active draft board with three candidates. The best candidate is Gus, the one closest to the target.
Even though this draft board is incredibly simple, it reveals a wealth of information about what the business really requires from this role and which candidate is the best choice. It puts a complex act like hiring into instant perspective and allows you to weigh your options on the most important criteria.

- **The Target – Director of Operations – 1PSiu** represents the ideal candidate. The ideal candidate will be a Team Leader who has high skills for the job and is also a natural Producer/Stabilizer (PSiu) style. He or she will share the desired vision and values and will demand fair market compensation for a job well done.

- **Marie – 2PsiU.** Marie doesn’t yet have the proven skills for the Head of Operations function nor does she have the right PSIU style fit. Her style is PsiU: she’s very friendly and gregarious (Unifier) and she has a high drive to get things done (Producer). It doesn’t appear that she really has the capability to systematize operations (Stabilizer). However, she does share the company’s vision and values and she’s willing to come on board for a very fair price compared to what she could get elsewhere because she loves the vision and opportunity that the company represents.

- **Hank – 3PSiu.** Hank absolutely does have the proven skills for the Head of Operations function. He has held a similar role for the past 25 years in various companies. His style (PSiu) is also a fit for what’s needed in the system: he drives really hard (Producer) and is all about process and systems (Stabilizer). However, there’s some serious doubt that Hank really buys into the desired vision and values. He’s very good at what he does but he’s also very arrogant and territorial, and can rub people the wrong way. There’s a fear that if he’s in the Head of Operations role, you’ll lose some talented people below him and it will be a net-negative to the rest of the leadership team.

So would you hire Hank or Marie for this position? If I were you, I’d keep looking. Hank might be a good candidate to bring on as a temporary consultant to help design and integrate systems. That way, he’s not a permanent fixture and, because he’s being paid a short-term professional contract, you should be able to leverage his expertise without the cultural fallout that would occur if he were a core part of the leadership team.

I might consider Marie for another position within the company, something where you can leverage her cultural fit and strong desire, while allowing her to further develop her technical skills. Perhaps a lower operational position or even an account management position where you can put her enthusiasm to work in dealing with customers or coordinating projects.

If I were in desperate need to act quickly and I had the budget, I might team up Hank and Marie together: Hire Marie as an interim director of operations and hire Hank as a consultant to help her systematize the processes. Hank wouldn’t break the bank as a short-term consultant and could help to complement Marie where she’s weaker. Marie could then play to her strengths by getting the daily projects accomplished and being a strong team player who could grow into a true leader.

The best option, however, would be to continue the recruiting process until you find a candidate like Gus:
• **Gus – 1PSiu.** Gus is the man for this job. Notice how close in proximity he is to the target, the ideal Head of Operations position? He has the technical skills and his Producer/Stabilizer style is a strong fit for the job. He shares the vision and values and also demands fair compensation compared to what he could get elsewhere. If you hire Gus, you’ll have a strong team leader who can get the job done and be additive to the entire system.

“OK,” I can almost hear you saying, “Seems simple enough. But how do I determine where each candidate is on the draft board?” Well, that’s what I’m going to teach you in the rest of this book!

But before we go any further, I’d like you to pause and reflect for a moment. Remember earlier in the introduction when I asked you how exactly you think about the hiring process in your business today?

Are you searching for a particular personality? A salary range? Past experience? Education or credentials? A personal referral? Commitment to a vision? Job skills? Upside potential? Cultural fit? To avoid a future liability? All of the above? And if you are clear on the above, how do you go about determining it and what tradeoffs are you willing to accept? Finally, how do you—and your team—actually know it when you see it, in a way that everyone can agree on?

Now that you are starting to get a feel for the draft board framework, can you see that you’re already well on your way to answering those questions? No matter how you slice it, from now on when you think about the hiring process you know exactly what to think about:

• Are you in search of a #1 Team Leader and you will only accept a #1 Team Leader because this is a critical leadership position that requires a captain who walks the talk while demonstrating a high level of skill and fit?
• Or will you accept a #3 Specialist for this position because it is outside the company core and you just need a high level of technical skill and role fit to get the job done?
• Perhaps you are in the market for a #2 Team Player but you’ll expand the scope to a #1 Team Leader if you stumble across the right candidate? Or is this purely a #2 Team Player hire because that is all that’s really required for this role?
• And what is the style of candidate who will naturally thrive in this role based on the job requirements and the complementary skills and gaps in the team? Do you need a high Producer/Innovator who thrives at winning and coming up with creative solutions to complex problems? Or would it be a Stabilizer/Unifier style who brings order out of chaos while keeping the team and clients on the same page? Or a different style altogether?

There are still a lot of questions to answer and the answers will come soon enough. But what’s really important and valuable is having a framework to ask the right questions in the first place! And that’s exactly what the draft board gives you: a new way to think about hiring along with the right questions to ask.
You’ll still have some complicated problems to solve in the hiring process. But you need to solve them in order. Now that you have a snapshot of the draft board framework, the next step is to understand how to put it into action. Once you know the how, then you can tackle the when to hire and exactly who to hire. But right now, don’t rush past small victories. Take a moment to reflect on this powerful framework. In the coming chapters, I’ll show you step by step how to put it into action.
Chapter 2
The Simple 5-Step Hiring Process

"Learn the rules like a pro, so you can break them like an artist."
– Pablo Picasso

Whether you’re an NFL GM in the market for a cornerback or a CEO in the market for a VP of Sales, there are five crucial questions you need to answer before deciding to hire or promote any candidate. These questions will help you cut through the noise and figure out what kind of candidate you want on your team:

1. What are our requirements for this role?
2. What skills and style does this candidate bring to the table—and do these fit with how we want the role performed?
3. What are the candidate’s vision and values—and do they match ours?
4. What are the candidate’s demands?
5. How does this candidate compare to other candidates?

These are the most important questions when it comes to hiring (and people development, but that’s a topic for another book). Keeping in mind these key questions will help you avoid the lack of agreement and alignment that you’ll often find on hiring committees, as well as eliminate many of the distractions that commonly show up during the interview process.

Specifically, these questions are critical because they help you not only to clarify your goals for your new hire, but also to focus on what matters most in a candidate: what they can do and how they’ll go about it (question 2), who they are and how they view the world (question 3), and what they want in return (question 4). Once you have a clear and systematic method for establishing these, then it’s easy to see if they match your requirements (question 1) and how well they do this compared to other candidates (question 5).

Too often the interviewing process today is haphazard, left to the individual predilections of the interviewer, and set up as a challenge—almost like a quiz show—for the candidate to pass or fail according to some arbitrary rules of which interviewers themselves are not even consciously aware.

For instance, according to the website Glassdoor.com, which compiles insider reports from employees and job candidates, if you’re being interviewed for a sales job at retailer Bed Bath & Beyond you’ll be asked the question, “If you were a box of cereal, what would you be and why?” Or if you wanted to work at online registration company Active Network you’d be asked to “Describe the process and benefits of wearing a seat belt.” Seriously.

Even Google, once the poster-child for mental-floss interview questions like “how many golf-balls fit on a school bus?” has revised its stance on the approach. In a 2013
How to Think About Hiring: Play Smarter to Win the Talent Management Game

interview published in The New York Times, Google’s senior vice president of people operations Laszlo Bock revealed that, "We have found that brain teasers are a complete waste of time. They don't predict anything. They serve primarily to make the interviewer feel smart."3

If you’ve ever gone into an interview in a hurry and ill-prepared, having scanned the candidate’s resume and simply fired off some stock interview questions, I'll bet that you didn’t feel very effective and even found the process to be taxing. Perhaps your gut told you there was a better way to go about things, but your head hadn’t yet figured out how.

With the framework you’re learning here, you’re already starting to think differently about interviewing. Once you master it, you’ll see that the somewhat painful scenario above just doesn’t happen any more. You’ll be guided through the interview process in a systematic way so you can quickly and easily identify a candidate’s draft board position and make the best available choice.

Put another way, a good hiring process will give you a fast, easy, highly accurate, and repeatable process to assess any candidate and reach agreement on your hiring team. A bad hiring process either won’t answer the key questions or it will take too long and cost too much in money and effort to get the answers.

What Not to Do
Sometimes the best way to understand a good hiring process is to go through a bad one first. I’ve definitely had this experience. It occurred when I was interviewing for an entry-level sales position with a fast-growing telecom company in Minneapolis, Minnesota. At the time, I was 26 years old, had just shut down my first startup, had burned through all my savings, and was in desperate need of a job.

A friend of mine told me about the firm one night over beers: “Hey Lex, I know you just shut down your startup. Sorry it didn’t work out, man. If you need a job to pay the bills, they’re always hiring where I work. It’s not the best job in the world but the money can be good if you work hard at it.”

The notion of hard work and good money sounded like a pretty good opportunity. I needed something I could throw myself into until I found my footing again. So I called the company the next day, told them I was referred by one of their existing reps, and set an appointment for an interview. To prepare, I practiced my spiel about why I’d be a good fit for their organization, polished up my resume, put on a suit, and went in with a mix of hope, anxiety, and chutzpah.

I arrived at their offices and approached the front desk. The receptionist, middle-aged and blurry-eyed, looked me up and down skeptically and, with a hint of exasperation at having to deal with me, said, “May I help you?”

“Ah yes, I’m here for an interview for a sales position. My name is Lex Sisney.”

She glanced down at her calendar and shook her head: “There’s no interview today. You first need to take the written test.” She reached into her file drawer and handed me a 50-question fill-in-the-oval-and-make-damn-sure-you-stay-in-the-circle scantron test. “If you pass the written test, then you’ll be invited back in for an actual interview.”

I thought to myself, “Really? Why didn’t they tell me this on the phone? I’ve got to take some psychobabble test before even speaking with someone? And is this the kind of place I want to work for? WTF. Well, I guess I need the money so I better play along.” Out loud I said, “OK, let’s take the test.”

“See the clock over there on the wall?” she said. “You have 30 minutes to complete the test. Have a seat under the clock and the time will begin. Do you have a #2 pencil?”

“Uh, no. I’ll need a pencil please. Do you have one?” She rolled her eyes and reluctantly handed one over like it was her last meal. I took the pencil, turned on my heel, and walked back to my assigned seat under the clock.

The test asked me questions about what I’d do in hypothetical situations like the following:

You see a co-worker take a company coffee mug from the storage closet and put it in his briefcase. You should:

a) report the theft to HR  
b) ask him what he’s doing  
c) take a mug for yourself  
d) tell him to put the mug back

I snickered under my breath but played along anyway. I finished quickly and turned it in with 15 minutes to spare.

The receptionist scanned it over with a raised eyebrow to make sure I stayed within the circles and didn’t miss any questions. “OK,” she said, “someone will call you if there’s a possible fit,” and I left. (Note: Psychometric tests like this one have transitioned from #2 pencil to the web, but they can still be just as asinine.)

About a week later, the company called me in for the interview. I was told that this time, I’d actually get the chance to speak with the hiring manager.

I arrived early and re-greeted the receptionist. She seemed in a somewhat better mood this time: “Have a seat Mr. Sisney and Mr. Johnson will see you when he’s ready.”

After waiting for 20 minutes past the scheduled time (is this a doctor’s office?), a new voice spoke from the receptionist area. “Mr. Sisney? I’m Lidia, Mr. Johnson’s assistant. He’s ready to see you now.”

Lidia led me back through the cubicles and telemarketers to a large windowed office. There, at a small, round conference table sat “the Man.” As I was ushered into the office, he didn’t actually look up or greet me but sat leafing through some papers, extended a limp-fish handshake, pointed to a chair across the table, and sternly said, “Have a seat.”

After what seemed like five minutes of just sitting there, he finally looked up from his reading, made eye contact for the first time, and with pursed lips told me, “I’m concerned about your ability to conform.”

“Excuse me?” I asked trying to mentally process what he had just said. He placed one of the pages he was reading on the table and with two fingers slowly twisted it towards me so I could read it.
“You see this chart? This fourth column is conformance. Your scores in these other three areas are very high but you have the lowest conformance score of anyone I’ve ever seen.”

I said, “Hey, that’s pretty cool. Can I have a copy of that?”

“No,” he frowned. “But tell me, why should I believe that you can conform to our way of doing things here?”

I tried to dance and weave and sell him on the idea that non-conformity really meant “creativity” but I didn’t think he really bought it. The interview lasted about 10 minutes total and I left thinking it had all been a big waste of time.

Surprisingly, they called me a few weeks later and offered me the job.

“No, thanks,” I said. “It seems like you’re looking for drones for your empire. That’s not really me.”

So what did this company do wrong in the hiring process? Alas, let me count the ways…

**First, they were focused on the wrong things.** It’s clear that this company was suffering from high turnover in the sales team so they tried to fix the problem by weeding out risky candidates (like me) using a psychometric profile test early in the hiring process.

In effect they were saying, “Turnover is costing us a lot of money. We must control for it by only hiring reps who can conform to our process.” Did it work for them? No! They still had high turnover in their sales team; those they did attract were of the lowest common denominator; and their entire recruiting process became a bureaucratic numbers game.

You don’t want to strive for conformity in your employees or in the candidates you select in the hiring process. Conformity is like monocultures. Easy to plant and hard to maintain—in addition to making the system brittle, stagnant, and tired over time.

What you do want in your organization is diversity—a diversity of styles and perspectives built around a common vision and values. Diversity is harder to design for than conformity but it ultimately makes things alive, vibrant, and adaptive over time. The right hiring process won’t reinforce conformity. It will support the selection of a diversity of styles and approaches that complement the surrounding team and environment.

**Second, they treated people like discardable cogs.** Every interview is a significant sunk cost. If you’re going to have one, you better make the most of it. Treat everyone you interview with dignity and respect, and use the interview as an opportunity to win hearts and minds. You never know—that lowly job candidate may one day be very important to your organization’s success.

In the personal story I just told you, soon after I turned down the company’s job offer, I started another company that went on to be hugely successful. Early in our growth stage, I needed a telecom partner to build and manage a complex phone system. In fact, I ended up spending several million dollars on our phone system over the coming years.

Which vendor do you think I didn’t call? Why would I call them? I got a chance to peek behind the curtain of their organization and I didn’t like what I saw. The process
was haphazard and the people were rude. I wanted nothing to do with them—not even as a vendor.

It would have been a different story if this company had actually taken the time to treat me and other candidates like real people, not cogs in a machine to be used or discarded. People forget what you tell them but they always remember how you made them feel. In this era of social media transparency, that’s especially critical to remember. Treat everyone, especially potential job candidates, as a potential future customer.

Third, they lacked a strong foundation. Didn’t you get a sense of how crappy this entire organizational culture really was? Even the most amazing hiring process in the world won’t cover up a pile of shit. Your organization must have a strong foundation in place. It must have the right growth strategy as well as the structure, vision and values, processes, and team to support that strategy and adapt to changing conditions.

There’s a saying that how you do anything is how you do everything. It’s no surprise that this company went public a few years after my interview and then went bankrupt a few years after that. Why? They initially grew on market demand for their existing products but when the market demand shifted, they couldn’t adapt. They had conformed to the past and lacked a strong foundation to adapt to the future. Building a strong organizational foundation is outside of the scope of this work but if you’re interested in the principles, I encourage you to check out my book Organizational Physics: The Science of Growing a Business.

Fourth, they treated the interview like a competition, not a collaboration. A job interview shouldn’t be viewed as a competition where the winner tries to guess what the company really requires and the loser gets sent home. Instead, it should be viewed as a collaboration between a qualified candidate and the company to see if there’s a mutual fit. Think about it. As the candidate, I want to know if this job is a natural fit for my skills, vision, values, style, ambitions, and desired compensation. If not, I don’t want to work here any more than you want me to. The company wants to know the same information about me.

The purpose of interviewing, therefore, is to allow both sides to determine if there’s a mutual fit. The “collaboration, not competition” mindset is a heck of a lot more fun for both the hiring manager and the candidates. Of course it requires having a really solid framework and hiring process in place that allows that to happen. Otherwise, you put yourself at risk of being “gamed” by candidates who just want a paycheck, rather than a mission.

The 5 Steps to Making a Great Hire
In this book, I’m going to share with you five proven steps to making a great hire. These five steps will answer the five questions we discussed at the beginning of this chapter. They will guide you to first define the role, and then to work your draft board to answer the most critical questions about a candidate. Like any good process, the steps are efficient enough to keep you on track, and flexible enough to allow for your own spin, creativity, and passion.
For a low to mid-level hire, you can complete all five steps in one to three hours, or a single interview session. For senior- to executive-level hires, you’ll need to invest more time in the process (often a series of interviews conducted over weeks). The more important the hire, the more time you will spend on it.

Let’s take a look at the draft board again. This will help you visualize the five steps (circled below) and see how to move your candidate around the board to find their ultimate location and decide whether to hire them:

1. Preparation

2. Skill & Fit

3. Vision & Values

4. Candidate Demands

5. Decide

Figure 4. Follow each step on the draft board in sequence.

**Step 1: Prepare to Make a Successful Hire**

The first question we asked at the start of this chapter was: "What are our requirements for this role?" This first step will therefore need to address the preliminaries—i.e., what needs to be in place before embarking on the hiring process. This first step involves ensuring that you are hiring into an aligned environment, that you are clear on what you need, and that there is buy-in within the organization for this
position. In practical terms, it will involve creating a Role Scorecard, which defines the most important characteristics and requirements of the job; having a plan for where to find qualified candidates; and preparing to run a great interview. This step will be discussed next in Chapter 3.

Step 2: Determine Skill & Fit (the top side of the draft board)
The second question we asked was: "What skills and style does this candidate bring to the table—and do these fit with how we want the role performed?" This part of the process helps you determine the candidate's skills, or ability to perform the tasks of the job and other potentially relevant competencies, as well as their PSIU style. Because you've completed a Role Scorecard in the prior step you will be able to see how they compare to your ideal candidate and begin the draft board process.

If the candidate has high job skills and high PSIU style fit for the role, then you'll rank them temporarily as a potential quadrant 1. If they have lower job skills or lower PSIU style fit, then you'll rank them temporarily as a potential quadrant 2. Take a moment to visually map this on the draft board. You will learn more about this part of the process in Chapter 4.

Step 3: Determine Vision & Values (the left side of the board)
The third key question is: "What are the candidate’s vision and values—and do they match ours?" This step involves determining who the candidate really is, their values, and how they view the world (and specifically, their work and the kind of environment where they want to be). As we've already mentioned, alignment between your candidate's and your company's desired vision and values is crucial for any successful long-term hire, and especially for candidates you are considering for leadership positions. This step involves synthesizing information you gather throughout the interview process, as well as utilizing some high-powered interview techniques to hone in on what really makes your candidates tick.

This information will add another key component to your candidate's draft board placement. If they share the company's desired vision and values, you'll leave them in the same quadrant where you ranked them in the prior step. That is, if you ranked them temporarily as a potential quadrant 1 or quadrant 2, you'll leave them there. However, if they don't share the desired vision and values, and if they were a potential quadrant 1, then you'll drop them to a potential quadrant 3. And if they were a potential quadrant 2 in the previous step and they don't share the vision and values, then they'll become a quadrant 4 and you would not hire them. You'll read more about this step in Chapter 5.

Step 4: Determine Market Comp vs. Candidate Demands (the right side of the board)
The fourth key question is: "What are the candidate's demands?" In other words, what and how much is the candidate asking for in terms of total compensation package? Is it within what you're willing and able to pay—and is it at, below, or above market rate? In Chapter 6, I'll explain why it's so important to understand market rates for a given position and to find candidates who—because the total offer, fit, and opportunity are so compelling to them—are willing to come on board for a fair, or even discounted, compensation compared to what they could get elsewhere.
At this stage in the hiring process, if the candidate demands a fair compensation package relative to market, then you leave them where they were on the draft board in the prior step. However, if they ultimately demand more than market rate comp and they were a quadrant 1, then you'll move them to quadrant 3 or even 4 if they're just too expensive. If they were a quadrant 2 in the prior step and they demand above market comp, then you'll move them to a 4 and not hire. We'll discuss this step in greater detail in Chapter 6.

**Step 5: Work Your Draft Board and Decide**

The final key question is: "How does this candidate compare to other candidates?" In the last chapter, I'll show you how to bring everything together to weigh your options and choose the best candidate for the job by understanding the concept of total cost. I'll also address some of the most vexing aspects of the hiring process, including how to deal with different hiring scenarios, limit your new hire risk, close the deal with your preferred candidate, get the team involved in the hiring process, and motivate others for high performance.

That's an overview of the entire process. Next let's dive into the specifics of each step, answer your questions, and provide some additional insight so that you can bring the process to life and have a lot more fun making great hires.
Chapter 3
Preparing to Make a Successful New Hire

“Give me six hours to chop down a tree and I will spend the first four sharpening the axe.”
– Abraham Lincoln

There’s a saying that “well begun is half done,” and it’s absolutely true in the hiring process. There are some basic things that must be in place in order to run a high-quality process. At a minimum, you must have:

1. Organizational alignment on strategy, values, and structure
2. A completed Role Scorecard for this position
3. Buy-in from the hiring team on the key characteristics of an ideal candidate
4. Access to qualified candidates
5. The mindset and materials to run a great interview

There’s nothing fancy about these five things. It’s obvious that if you’re not clear on the strategy, values, and organizational structure; if you don’t take the time to define the role up front in a way that is simple for everyone to understand and buy into; if you don’t reach qualified candidates to interview; or if you don’t run a great interviewing process, then you’ll miss the target.

Even though these things are obvious, too many companies overlook them. For example, yesterday I had lunch in Los Angeles with two young co-founders of a venture-backed mobile app company. Their greatest area of frustration was the current management team (the co-founders felt like they had to do all the work themselves, with no accountability in the team) and that they didn’t know what to look for in a new hire.

The meeting was rushed because one of the partners showed up 20 minutes late. I tried to explain that the way they could solve the hiring challenge was to first solve some of their core organizational issues. They first needed to choose a clear strategic path (they were all over the map). They seemed to have lost sight of their core purpose and values as a company, resulting in a lot of infighting with the board, and the founders were feeling burned out. They also lacked a clear organizational structure, metrics, and decision-making process that would allow them to scale and do the work they were really exceptional at, versus all the crap they were managing now.

In the rush and their current myopia, I don’t think my message got across because, near the end of the lunch, one of the co-founders summarized his key takeaways from our meeting to his partner by saying, “Hey, you know what? We just need to put more effort into finding great candidates. If we can just find some great candidates to interview, we’ll know who to hire because you and I are pretty good judges of character. Just by being more involved in the process we can tell who’s a good hire or who isn’t.”
That’s all we need to do. Focus on filling the top end of the funnel and get more involved personally."

I was dumbfounded. I could now tell why this company had been struggling for the past five years and why the co-founders were burned out. They just couldn’t grasp that, in order to grow fast, they first needed a strong foundation. They needed a structure and a process to scale. They didn’t understand that “A” talent won’t buy into a company that has a compelling opportunity but demonstrates consistently poor execution. That just focusing on finding qualified talent and then winging it through the interview process by intuition alone wouldn’t cut it—especially since they would ultimately need to delegate the hiring process as they grew. That they were demonstrating the same thinking that got them into their current mess and that new thinking was required. Sigh.

Their mistakes can be your victory. Put energy and effort into preparing to hire well and you’ll be 50% done before you even officially start the hiring process. Here’s what to focus on in your preparations.

Aligning the Strategy, Values, and Structure
If you find yourself trying to hire into an environment where there’s an unclear or misaligned strategy, values, or structure—stop! A bad system defeats a good person every time. You need to gather organizational leadership together and follow a good organizational transformation process to identify and create buy-in for the right strategy, values, and structure for the next stage of the business lifecycle. Once you have that, then you can start making great hires.

While this can seem overwhelming, it really isn’t. It certainly takes some time and effort, but this is time and effort that you must invest anyway if you want to be part of a successful business. If you do try to hire into a misaligned environment, one of three things is likely to happen:

• You won’t have clarity or agreement on the ideal candidate type for this role, and you’ll therefore choose the wrong candidate.
• You won’t be able to source or close the best candidates.
• Even if you hire the right candidate, he or she will have to constantly swim upstream within the organization—leading to exhaustion, aggravation, and burnout.

Getting the strategy, values, and structure right is a lot like hosting a great dinner party. Who you invite to the party (hiring) is crucial to the success of the party. But unless you also have the surrounding environment right—a compelling vision and theme for the party (the strategy); high-quality food and wine, with the appropriate tableware, flowers, and music to go with it (the values you want to represent); and seating arrangements placing guests in the best relative locations to one another (the structure)—your dinner party will be average or worse.

I like the analogy of the dinner party because the ratio of effort that one has to put into inviting and interacting with guests (e.g., configuring the guest list, sending invitations, communicating with guests, and interacting at the party itself) compared to the effort one has to put into getting the environment right (e.g., managing the caterer,
vendors, music, flowers, tents, lighting, entertainment, and clean up) is very similar to the ratio one puts into hiring versus getting the organizational environment right.

If you’ve ever hosted a big event, then you know that creating the right environment is at least half the battle. It takes time, effort, management, and dedication to plan for it and to adapt to changes before, during, and after the event. Therefore, if you notice yourself diving into the hiring process but not giving equal attention to the environment that you are hiring into, something is probably wrong. Slow down just enough to align the environment for success before you hire.

**Completing the Role Scorecard**

The Role Scorecard describes in clear language exactly what you’re looking for in an ideal candidate. If you don’t define the role up front, then you can’t get clarity and consensus on what you’re looking for in the end. This is especially true when you’re delegating the recruitment and hiring process to others.

Note that I’m *not* talking about creating an HR spec that meets EEOC regulations. I’m talking about capturing the most important attributes of an ideal candidate on a single page, in a way that is simple to communicate and execute on. (If it’s not straightforward and easy, it will never get used.)

It’s easy to decide *not* to do a Role Scorecard. In the heat of battle, when you have 50 things to do and five minutes to do them in, it’s natural to think, “Hey, do I really need this Role Scorecard for this position? After all, it’s just an account manager role. How important can it be?”

If you notice yourself thinking this way, stop. Do the Role Scorecard anyway. It brings tremendous clarity on what’s really needed in this role, it reinforces a good hiring process, and you’ll often be surprised at what you uncover about the position. Besides, interviewing anyone is a significant sunk cost so if you’re going to do it, you should do it right.

Below is an example of a completed Role Scorecard that was created for the Head of Operations role for an expansion-stage healthcare technology company that I referenced earlier. You can download a free version of the Role Scorecard using the Organizational Physics *Hiring* Toolkit at [http://www.OrganizationalPhysics.com/hiring/freebooktools](http://www.OrganizationalPhysics.com/hiring/freebooktools).
<table>
<thead>
<tr>
<th>Functional Role</th>
<th>Head of Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>This Role Reports to</td>
<td>CEO</td>
</tr>
<tr>
<td>Who Reports to This Role</td>
<td>Implementation, customer service, vendor management, shipping and receiving, inventory, data entry, tech infrastructure, support.</td>
</tr>
<tr>
<td>Desired Draft Board Position and PSIU Style</td>
<td>1PSiu: The ideal candidate is a #1 Team Leader and we will only accept a #1 Team Leader because this is a critical leadership position. That is, we must have a true team captain who has high skills and embodies our desired vision and values. The right candidate will also have a high drive to Produce and Stabilize. That is, they will thrive when working to accomplish the daily/weekly work and to bring order out of chaos.</td>
</tr>
<tr>
<td>Accountabilities</td>
<td>1. Drive operational efficiency so that we can scale easily. 2. Lead and manage the operational team and develop next-generation operational leaders. 3. Build processes and design and integrate systems that are robust, efficient, and scalable. 4. Play an integral role in the Leadership Team to provide insight, perspective, and breakthrough ideas. 5. Design and maintain a robust reporting/analytics platform.</td>
</tr>
<tr>
<td>Key Performance Indicators</td>
<td>Set thresholds that are relevant for your company here. Green is the monthly target level for an A-player.</td>
</tr>
<tr>
<td></td>
<td><strong>Red</strong>&lt;br/&gt;&lt;85% to target&lt;br/&gt;<strong>Yellow</strong>&lt;br/&gt;85-95% to target&lt;br/&gt;<strong>Green</strong>&lt;br/&gt;&gt;95% to target</td>
</tr>
<tr>
<td>Sales per Ops Staff</td>
<td>&lt; $40,000&lt;br/&gt;&lt; $45,000&lt;br/&gt;&gt; $50,000</td>
</tr>
<tr>
<td>Quality of Service</td>
<td>&lt; 75% CSR&lt;br/&gt;&lt; 80% CSR&lt;br/&gt;&gt; 90% CSR</td>
</tr>
<tr>
<td>Company Core Values</td>
<td>Act like a professional. Work to win customer hearts and minds. Listen like it’s a first date.</td>
</tr>
<tr>
<td>Qualifications/Skills/ Previous Experience</td>
<td>Prior experience in a senior leadership role in a services delivery team at a growing company is a must have. Deep experience in technology infrastructures and proficiency in agile development is preferable. Prior experience with Sugar or equivalent CRM is preferable.</td>
</tr>
<tr>
<td>Compensation</td>
<td>$175,000 base, .50% to 1.0% stock option on 4 year vest, 25% to 33% performance bonus as a percent of base salary</td>
</tr>
</tbody>
</table>
Below is a description of the nine segments of the Role Scorecard, as well as the primary question each segment is trying to answer. If you notice that you don’t have a good answer for each segment, it’s a sure sign that you should pause the hiring process until you do.

1. **Functional Role**

*What is the functional description of this role?*

In general, you want to describe the functions for which the role is accountable rather than the job title. The reason is that titles can mean different things to different people, while the functional role description tends to be more direct and mean one thing.

For instance, this sample Role Scorecard is for a Head of Operations function. That’s clear. Now what title will this role actually have, assuming your organization even uses titles? The answer depends a lot on the size and lifecycle stage of the business. The title could be Director of Operations, VP of Operations, Chief Operating Officer, or whatever. This company is clearly looking for a Head of Operations—irrespective of the title.

Using formal titles can also attract candidates who are interested in a particular title as a form of career advancement rather than in the requirements and opportunity of the job function itself. “I was a VP of Sales at my last company so now I want to be Senior VP of Sales.” It’s a stupid mindset that doesn’t reflect the reality of the situation. Did this person manage the entire sales team or not? Did they report to the CEO or not? So use the functional description in the Role Scorecard and not the title.

2 & 3. **Reporting Structure**

*Who does this role report to and who reports to this role?*

I can’t recommend strongly enough that before you engage in the hiring process, you have a clear and well-designed organizational structure in place. The structure should show all of the core organizational functions, who is currently accountable for each role, and the key performance indicators (KPIs) of each.

The structure should be designed in such a way that each function is placed in the correct relative location so that the organization balances efficiency and effectiveness as well as short- and long-range needs. (You can learn more about the principles of structure in Part IV of my book *Organizational Physics: The Science of Growing a Business*.)

Having the right structure designed before you hire allows you and the candidate to clarify all the different elements and accountabilities of the role. You may find that some candidates excel at certain elements within that structure but not all of them. Seeing the structure brings visual acuity to the conversation about how strong of a fit a candidate is for a role and what trade-offs must be made with each candidate.
4. Desired Draft Board Position and PSIU Style

*Is this a mission-critical role where we can only accept a #1 Team Leader or are we willing to accept a #2 Team Player or even a #3 Specialist for this role? And what are the two highest PSIU forces you need in this role that reflect the desired management, communication, and behavioral style of the ideal candidate?*

The code “1PSiu” defines the desired quadrant and PSIU style of the ideal candidate. In this sample case, the company is seeking a #1 Team Leader who has a high drive to Produce and Stabilize, or to accomplish the daily/weekly work while making things more efficient.

As discussed, using a code like this is critically important because once your team understands the code, in an instant they also understand the characteristics of the ideal candidate. For instance, a 3PSiu would mean that a contractor or free agent who doesn’t influence the core leadership could fill this position. Or a 2psIU would indicate that the organization is seeking a team player who has a high drive to Innovate and to Unify or to find creative solutions to complex problems while working well on a team.

The hiring manager/team would select the top two forces that this position requires. Is it a Producer style that thrives at accomplishing the daily/weekly work? Is it a Stabilizer style that excels at bringing order out of chaos? Is it an Innovator style that finds creative solutions to complex problems? Is it a Unifier style whose strength is keeping everyone on the same page? What is the right combination of forces for this position? Remember that everything in life is a trade-off and there’s no superhuman who is equally strong in all four styles at the same time. I’ll show you how to discern a candidate’s current and desired style during the interview process in the next chapter.

The goal of all of this information so far is to make the desired quadrant and style of the ideal candidate unarguably clear to the entire hiring team and, ultimately, to be able to place potential candidates on the draft board relative to the ideal location.

5. Accountabilities

*What are the most important actions this role must perform and what outcomes must be achieved?*

The most important thing in this section is to focus on what this role should do, not how they should go about it. Basically, everyone in the organization needs to know what they are accountable for and then be given some flexibility and autonomy in how they go about it.

True, you may have some processes and procedures for the candidate to follow, but don’t confuse efficiency with effectiveness. Effectiveness is getting the desired outcomes achieved no matter what. Efficiency is doing things in such a way as to minimize waste of time and resources, and it generally involves a focus on specific processes. Because change is a constant, the processes that were once efficient eventually become ineffective. For this reason, you always want the focus on achieving results, not on how exactly someone should go about their job.
6. Key Performance Indicators (KPIs)

*What are the top 2 to 3 most important metrics to track the performance of this role?*

You know the saying: If you can’t measure it, you can’t manage it. In this section, you will set the thresholds that are relevant for your company, which may be different than the example here. The green target should be the on-target performance level for an A-Player in this role. The yellow target is some discount off of that (typically 5 to 15% off target). The red target is even further off (15% or worse).

It’s imperative that you and your candidates understand both the accountabilities and the KPIs for the job function up front. Even if you’re not sure about what the KPIs are, take your best guess and allow the candidates to contribute their perspective. If your have a truly qualified candidate, even if they don’t know the details of your operations, you should still expect to hear some insightful questions and experienced insights into what to measure and how.

7. Company Core Values

*What are the core values that apply to all roles in your firm?*

You need to be able to discuss the corporate values with the candidate and determine whether these are values that the candidate naturally embodies. The company values should be defined outside the scope of the hiring process and integrated throughout the organization. I’ll share my preferred method to assess a candidate’s values in Chapter 5.

8. Qualifications/Skills/Previous Experience

*Are there any special qualifications, unique skills, or prior experience required for this role?*

This is where you can put all of the classic HR stuff, as well as any pertinent qualifications or experience that can sway the hiring decision. Specify if these are “must have” or “preferable.”

9. Compensation

*What is the compensation range for this role?*

This is the place to record the compensation range for this position. You should also be clear if this range is at, below, or above market. I’ll explain more about why understanding market rate compensation and basing your compensation strategy off of it is so critical in Chapter 6.

Getting Buy-in

When you capture the answers to the Role Scorecard, this brings tremendous clarity to the entire hiring process. On a single page, you can visualize the type of person you’re looking for and why. You know what they’re accountable for, how they’re being measured, the skills and attributes you’re seeking, and what the comp range is. It’s
enough information to be incredibly useful and not so much information that people get overwhelmed and stop paying attention.

There’s another reason why completing the Role Scorecard should be the first step in the hiring process. Studies show that when the hiring process gets delegated down into the organization, those “lower” in the organization rarely hire people who can be a threat to their own status and advancement in the organization. Therefore, unless you consciously design against it, the people you end up hiring later in the organizational lifecycle won’t have the same drive, capabilities, and A-player behavior as those who came before.

I’m told that one of the hiring tenets at Google is “always hire people who are smarter than you.” Whether its “smarter,” “a better role fit,” or “with more experience,” defining the Role Scorecard up front can make hiring low or average performers significantly less likely to happen. For example: “We all agreed we’re looking for a #1 Team Leader who’s a PSiu style. Where is the evidence that this candidate is really a quadrant 1 type?”

Before you begin the hiring process, you also need to take time to share and get buy-in for the completed Role Scorecard with everyone who has authority, power, or influence over the hire itself.

For instance, if you were a VP of Sales and you were in the market for a Director of Sales, you’d validate the Role Scorecard with the CEO, VP of Marketing, VP of Finance, COO, and selected members of the sales team. Why? Because when you include them in the process up front, they’ll be less likely to resist prospective new hires later. (You can read more about how to recognize authority, power, and influence and “gather the mass” in Part IV of my book Organizational Physics: The Science of Growing a Business.)

Once you have a completed Role Scorecard for this position and there’s a critical mass of buy-in and commitment for the new hire, you’re ready to recruit qualified candidates.

Finding Qualified Candidates

When it comes to finding qualified candidates, at first glance an NFL GM seems to have it much easier than you. The entire NFL recruiting process is geared around the annual draft. Teams have a network of scouts, a lot of videotape, a gargantuan farm system called college football, the Senior Bowl, the NFL Combine—not to mention the terrible desire of countless young men who want to play in the NFL and are willing to do whatever it takes to fulfill their dream.

But take a deeper look and you’ll notice something interesting about the winningest NFL teams—they get a significant portion of their starters from outside of the official draft process.

For instance, under head coach Sean Payton, the New Orleans Saints have been a consistently winning team for a number of years. According to Sports Illustrated, however, 41% of the Saints’ roster in 2013 came up the “hard way” as undrafted free agents (with 7 out of 22 current starters). Seattle and New England also have a boatload of undrafted players on their rosters.
What does this tell you? You already know part of the answer. They have a framework for how to think about drafting and developing talent and it’s very similar to the one you’re developing now. These teams know the kinds of players their coaching staffs want. Then they go and get them and the coaches coach them well.

But a framework is only as good as the inputs that go into it. Put another way, if the hiring framework is the engine, then the fuel is the ability to source qualified recruits into the top of the funnel. The fact that the winningest teams often go outside of official channels to find talent reveals something very interesting: they lean on trusted unofficial networks of referrers to find hidden talent. These networks include college coaches, their friends and contacts in the football industry, and even family members (e.g., Jim and John Harbaugh used to recruit players for their father Jack Harbaugh’s college football team at Western Michigan).

What does this have to do with your finding qualified candidates? Everything. While you too can use “official” sources to find new talent—recruiters, job posts, executive search firms, and help wanted ads—your best source of talent is often through the networks of people you trust.

For instance, a study by Topgraders of 65,000 managers asked respondents, “In your most recent job, how many A, B, and C players did you inherit, what did you end up with, and what happened in-between training, coaching, hiring, firing, etc.?” Among the managers who said they ended up with mostly A-Players, almost all had recruited from their networks. Two dozen billionaires interviewed said this was their favorite and most successful way to recruit, too.

So if recruiting from networks of trusted sources is the fastest, surest, and least expensive route to find qualified talent, what exactly are the networks you should be tapping into?

The first is A-Players you know who work in a similar position. Suppose you have a job opening for a UX designer. You pick up the phone and call three top-notch UX designers you’ve worked with in the past. If they’re not available, you ask them for a referral to a person they trust and respect and you hire a great candidate in a matter of weeks. That’s the essence of recruiting from your networks.

The other network is the classic six degrees of separation. You build a relationship with connectors—people who know a ton of top performers and whose judgment you trust. If you can’t hire an A-player you’ve worked with in the past, see if those connectors can produce a great candidate.

If you can’t pull from someone you’ve worked with directly or a connector you trust, it’s probably time to extend the net. Go to your wider, more casual network and to official channels—post an online ad, hire a recruiter, and keep at it. If the opportunity is big enough, and if the organization has a sound internal environment, the right candidates will quickly learn of it.

The Mindset and Materials for a Great Interview

Here I want to discuss two things that you must have prepared prior to any interview. They are the right mindset and the right materials. These go hand in hand. The right materials support the right mindset and vice versa.
The materials are straightforward. Prior to any interview, at a minimum you need to have a printed or accessible digital copy of:

1. The candidate’s resume or career history
2. The completed Role Scorecard
3. A copy of a blank draft board
4. The candidate’s PSIU New Hire Assessment (recommended)

Once you have these materials in place, you are ready to cultivate the right mindset for the interview. At its core, the right mindset is simply this: **Treat the interview like a collaboration, not a competition.**

What do I mean? The right candidate will be a supreme fit for this role, as well as your system and culture, and at a fair price. Like a great marriage, if the relationship is going to work, then it will work for both sides. Both you and the candidate must feel like there’s alignment between what the candidate excels at and the needs of your organization, and that the exchange of value is fair to both sides.

Bad interviews treat the process like some kind of twisted game show. The candidate must answer a series of bizarre questions, guessing at the various opinions of each member of the hiring team, while trying to minimize anything that might make them seem like a bad candidate and maximizing what they think will be viewed as good. It’s exhausting for both sides and not very effective.

In these kinds of interviews, there’s rarely any discussion of what style of person the company believes is needed for this role, where this role resides in the overall structure, where the company is in its execution lifecycle and what are its main objectives, and why this position is needed now.

When you treat the interview like a collaboration, on the other hand, it opens up a whole new level of insight for both sides. Rather than a “guess what the company wants to hear” process, you’ll have an exploration along the lines of “is there a mutual fit between us and why?”

If there’s a fit, great! Both parties will want to make the relationship happen. If not, that’s also great. There are no hard feelings here. Because the mindset and process were set up well at the beginning, both parties recognize where and why there isn’t a fit, and can walk away as referenceable friends. I’ll give you a flavor of what an interview-as-collaboration feels like in the next section.

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4 The PSIU New Hire Assessment is a professional service that reveals a candidate’s current and desired style and compares it to the needs of the role in the Role Scorecard. The resulting report allows you to pre-screen qualified candidates up front and is an excellent aid in the interview process itself. While you don’t need the assessment to execute on the hiring process recommended in this book, it is a bonus that will help you streamline how you go about hiring and ensure greater accuracy. To learn more, visit the Organizational Physics PSIU Talent Management Suite at [http://OrganizationalPhysics.com/the-psiu-talent-management-suite](http://OrganizationalPhysics.com/the-psiu-talent-management-suite).
A Sample Interview
So this is what it means to set the stage for success: you have aligned vision and values, strategy, and structure; you’ve completed a Role Scorecard; you have clarity and buy-in on the critical aspects of an ideal hire; you have access to qualified candidates; and you have the right mindset and materials to run a great interview. Now you’re ready to engage in the interview process and make a great hire.

Note that just doing this much in advance already sets you apart from 80% of your competitors, who pursue hiring by the seat of their pants. They have minimal preparation and a haphazard process. You’re different. You’ve prepared well and you’re ready to enter the elite hiring league—crossing that fine line that separates the consistent winners from the rest.

Below is a sample script of what an interview-as-collaboration sounds like and that gives a sense of what the experience is like for both parties. The interview itself can be conducted in person at a conference table or virtually, via online media.

The setting for this sample interview is this. You are the CEO of an expansion-stage healthcare technology company and you are interviewing qualified candidates for the Head of Operations role. You know they are qualified because these candidates have been recruited through your networks; you’ve had a chance to scan and initially validate their career histories; and additionally you’ve received a PSIU style assessment from each one. You’ve just entered the interview process with one of the candidates, Frank Foster.

“Hi Frank, thanks for meeting with me to talk about the Head of Operations position. We’re not really sure yet what title we’re going to give this role but that’s just a detail in the bigger scheme of things. The spirit that I want to bring to this discussion is one of collaboration between us to determine if there’s a mutual fit.

Our philosophy is that everyone has natural strengths and talents. The right job for anyone is the job that provides an outstanding opportunity to apply those natural strengths and talents in teamwork with others towards a compelling vision and opportunity.

Put another way, you don’t want to work at a place where you can’t leverage your natural strengths and talents, and we don’t want that either. So if this collaboration is going to work, it needs to be a natural fit for both of us.

I’d like to invest the next hour in determining if there is a fit between us or not. To help with that process, I have some documents that will help us identify what that fit looks like and discuss if there’s alignment between what we think we need and what you want to do next in your career. Does that sound like a worthwhile use of our time?”

Frank says, “Sounds like a refreshing change, compared to the typical interview process. Let's see what you've got.”
“The first thing I want to share is a description of the role using what we call a Role Scorecard,” you reply, as you briefly talk through each segment of the Role Scorecard and answer Frank’s questions about different elements of the scorecard.

For instance, you and Frank might pause and talk about what you perceive to be the market-based compensation for this role at a company of your size and get a sense if Frank is in that range or not. You might also discuss the KPIs and why they are what they are, or any other aspect of the Role Scorecard.

Frank asks many questions about the Role Scorecard, like, “Why does Tech Ops report to Operations? Could I meet with the person in charge of that department?” “What’s the communication process like today between these major functions?” “How do decisions get made and how does the reporting process work?”

You’re able to answer these questions and Frank’s confidence in your company is increasing greatly. You’re also paying close attention to Frank’s *style*. Does he speak, think, and act at a fast pace or a more measured pace? Is he more focused on the details and the process or on the results and getting things done? Is he more linear or more fluid?

Once there’s a basic level of clarity on the Role Scorecard, you bring out another artifact, Frank’s PSIU New Hire Style Assessment. Frank completed this assessment online a few days ago and you’ve received a PDF summary.

The PSIU New Hire Style Assessment shows how you—the hiring manager—ranked the PSIU needs of the Head of Operations function, how Frank scored his own PSIU style within his current job, as well as how Frank indicates he wants to be in his new role. You pay close attention to any significant gaps.

“Frank,” you tell him, “this is a summary of your PSIU Style Assessment. It shows that what we need in this role is a PSiu style which means a person who has a high drive to get the daily/weekly work accomplished and to bring order out of chaos by systematizing and making things more efficient.

You are currently showing up as a PSiu style and the report shows that you also prefer that style. Would you agree with how you self-rated?” Frank replies, “Yes, that seems pretty accurate,” and continues to give you some evidence as to why.

**[Note: In the next chapter I’ll explain the tell-tale cues to pay attention to during the interview to so that you can easily validate a candidate’s PSIU style.]**

You also pay attention to his overall level of insight, the anecdotes he tells, and how he asks his questions. You are mentally measuring if your rapport and confidence in Frank as a Producer/Stabilizer style are increasing or decreasing. In this case, they’re increasing. Frank is a sharp, detail-oriented guy and it’s fun to talk with him. He seems like the PSiu style you’re seeking.
To finish setting the stage, you tell Frank, “Finally, Frank, to give you a sense of the process we’re following, here’s a blank copy of what we call a Draft Board.” You point to quadrant 1 and continue by saying, “What we need in this role is someone who is an all-around top player, which we call a Team Leader here in quadrant 1.

This means the right candidate will have a high level of skill for the job and their style will be a natural fit. Both the skill and style match need to be high. In addition, the right candidate will share our desired vision and values and be so enthusiastic about the opportunity that they’re willing to take less short-term compensation than they might get somewhere else.”

“What I’m trying to determine in the interview process is where you fall on this draft board, Frank, relative to our ideal location. That is, do you have the right skills and fit? Based on your resume, assessment, and our interactions it seems that you do. Also, do you share the vision and values? And do you demand fair compensation in return? Put another way is this a great fit for both of us?”

Frank responds, “Yep. I get it. I understand the concept. I like how you’ve laid it out for me. It would be great if more companies approached interviewing in the same way. Now how do we determine what quadrant I’m in?”

“Well, we’ve already started. But the basic process is to verify your level of skill and fit. Next, if we share the same vision and values. Finally, is the market comp fair and equitable to both of us? Then we’ll have a good sense of where you fall on the draft board relative to the ideal location. Let’s keep going and dive into skill level and role fit…”

“It’s easy to see from your background and our initial interactions that you’re a very experienced operational executive. The one thing we need to verify is your proficiency with managing a Sugar CRM to Sales Force integration. This is a key strategic initiative that the Head of Operations position must accomplish this year.

I’m going to bring our CTO, VP Marketing, Product Manager, and selected members of our development team into the interview. They’re going to review the details of our current implementation with you to see how you’d improve it and what steps you’d take to optimize it. After lunch, you and I will continue our interview together.” [Note: You are testing Frank’s technical skills at this stage and I’ll explain why this is important in Chapter 4.]

Later that afternoon you meet up with Frank again. You’ve already been debriefed by your CTO that Frank does indeed have the technical skills for this role. That validation, in addition to Frank’s career history and style, gives you a high level of confidence that he has the skills and style fit for the role. In your mind, you rate him as a potential quadrant 1.
Now you need to hone in on Frank’s vision and values. So you say, “Frank, let’s talk some more about you and what you really desire in your next career move. I noticed in your career history that ten years ago you made the leap from Goldman Sachs to the Peace Corps. Why?”

Frank tells you that at that time in his life he was really feeling burned out by Goldman. The work felt hollow, pointless, and mercenary. Sure, the money was fantastic but he grew increasingly restless to make a change. So he chose the most radically different thing from investment banking that he could imagine—the Peace Corps.

Frank spent three years in the Peace Corps working on health care initiatives in Africa and what he learned was that non-profits and NGOs have their own set of problems. After three years, he was ready to go back into the for-profit world where he’s been working in the healthcare sector ever since, trying to find a happy medium between profit and purpose. This desire for both purpose and profit fits strongly with your own company’s vision and values.

You then ask Frank another why question, this time about his desired future. “Frank, here’s a seemingly strange question. Imagine that you’ve got all the financial resources you need to support you and your family for life. That is, you no longer have to work anymore. Congratulations, you’ve made it. Take that notion in for a moment and get in touch with what that would really feel like. From this vantage point, what do you think you’d do with your time and energy that would add to the sense of purpose and meaning in your life? Put another way, what would you do if you didn’t have to work at all?”

“Hmmm,” Frank ponders, “that’s an interesting thought experiment. Off the cuff, I think that if we were truly financially set like that, then I’d probably travel the world with my wife, make investments, and get involved in projects that made a positive difference in the world. One area I’m definitely passionate about is healthcare. It’s broken and we need to fix it in this country.”

“That sounds like a great vision,” you tell him, adding, “Can you tell me why you’d travel the world with your wife, make investments, and get involved in projects that make a positive difference like fixing healthcare? Put another way, what would having those things actually do for you?”

“Wow,” Frank replies, “you’re really going deep with these interview questions. But OK, I guess it would give me a sense of fixing what’s broken, giving back to others, and feeling like I made the most use of my time in doing something significant.”

“I get that calling too,” you say. “I’m wondering… can you see how working here in the Head of Operations position would also allow you to fix what’s broken, give back to others, and feel like you made good use of your time to do something significant for the next stage of your career?”
“Well,” Frank says, “I can tell that you have some broken aspects in your operations that I can quickly help to fix. That would be rewarding. You’re in the health care space that I’m passionate about and your vision of helping 100M people would certainly allow me to give back, albeit in a different way than I was thinking in this exercise. Yeah, I can see the potential alignment.” [Note: The “why” questions you asked Frank were about his past career change and his future desires. I call these the past why and future why and they help you to determine if Frank shares the desired vision and values of your company. I’ll teach you why this is so important in Chapter 5.]

You reply, “Yes, I can see that too. It’s encouraging to feel in alignment together. The other aspect to our draft board process is compensation. Our data points tell us that the market comp for this position is $175K with a 10 to 15% performance bonus and a half to one percent equity share on a four-year vest. We’re offering two choices in our compensation package. One is market rate cash with less equity and the other is less cash and more equity. Here are the details of both comp plans for you to reflect on. Do you have a sense of which one you would prefer?”

“I tend to prefer the one with more equity but I need to talk it over with my wife first. We’d have to make some adjustments to our expenses in the short run. I could get back to you on that by end of week.” [Note: At this stage of the interview process, you are determining if Frank’s compensation demands are at, below, or above market. I’ll explain why this is so critical to know and some tips to close the deal with your preferred candidate in Chapter 6.]

“That’s great, Frank. I appreciate your taking the time to meet with us. I think you’d be a great fit and the kind of Team Leader that we’re looking for. We still have some other candidates to consider, though, and we should have an answer for you soon. Let me ask you one final question: Based on everything you’ve learned so far, on a scale of 1 to 10, with 1 being the worst job imaginable and 10 being a near-perfect match for what you’re after at this stage in your career, what’s your interest level in this position?”

Frank thinks for a moment and then he replies, “I’d give it an 8.” You try to not to look disappointed as you remember to ask him, “OK, what would it take to make it a 10?” [Note: At this stage in the process you’re gauging Frank’s commitment.]

Frank replies, “Everything sounds really great. I’d just like to spend some more time meeting with the technical and project management teams and get more details from them about some of the core operational issues.”

You silently kick yourself remembering that a high Stabilizer style like Frank will of course want more data and time to analyze it before making a decision! You recover quickly and say, “Yes, of course. That makes
sense. Let’s get that on the calendar so you can do just that and set a
follow up call between us for next week.”

… end of script. OK! That’s the spirit of interview-as-collaboration and a quick snapshot of how to quickly determine where a candidate resides on the draft board. In this case, Frank seems to be a 1PSiu—just what you’re looking for. You end up extending him an offer the following week and he accepts!

Do the interview questions and approach in this script seem silly or nonsensical to you? If so, then I ask you to trust me enough to reserve judgment until after you’ve read the coming chapters that explain the philosophy behind these questions.

There are several things I want you to notice about this sample interview: you set the stage and made it known that you knew exactly what skill and style of candidate you’re looking for and why; you had a sound process to follow; you were well organized and professional; and you respected Frank’s time and approach to making a decision.

This interview turned out to be an excellent hire because it was a great match for both you and Frank. But if it turned out that Frank wasn’t a match, then you would have still parted collegially and the reason why it wasn’t a match would have been clear to both of you. It wasn’t about Frank winning or losing a competition. It was about the mutual fit.

In the coming chapters, I’m going to share the details of how you determine skill and fit, shared or unshared vision and values, and if the candidate’s compensation demands are above or below market. But before we go there, I imagine that you might be asking some questions about this collaborative approach to hiring:

1. Do I really have the time to interview candidates like this? It seems very intensive.
2. Am I not tipping my hand too much so that they can game the system and tell me what I want to hear?

These are fair questions. First, let me address the time and intensity question. For a low to mid-level hire, you can complete a high-quality interview and determine the candidate’s draft board location in about an hour or a single interview session. For senior- to executive-level hires, you’ll need to invest more time in the process (a series of interviews conducted over weeks) and the more important the hire, the more time you will spend on it.

The key thing to recognize is that interviewing anyone is a significant sunk cost, so you only want to get to an interview with candidates who are well screened and seem to be a very good potential fit. This means that before you invest in an interview, you have: (a) evaluated their career history and experience; (b) had a short get-to-know-you call to get an initial feel for the candidate; and (c) sent the recommended PSIU New Hire Style Assessment and received the candidate’s results so you know whether there is a close enough match.

Do you tip your hand too much on what you’re after so that the candidate can game the system and tell you exactly what you want to hear? Possibly. Some people just want a job, any job, and they’re looking to reply with exactly what they think the interviewer wants to hear. So you need to be mindful of this.
However, I usually have just the opposite experience. When I take a collaborative approach, combined with the support of a great structure and process, it allows me to smell horseshit when I’m standing in it. If someone is telling me how great they are in a certain capacity or how multi-faceted they are but without any grounding in their career history or PSIU style, then I know they’re just desperately trying to sell themselves.

The right candidate will verify their weaknesses as well as their strengths. They’ll appreciate the clarity brought by this approach and will engage in a frank discussion about where they are strong, where they are weaker, and what the right role is for them. The wrong candidate will try to be all things to all people.

When you lay out the requirements up front, you no longer have to think about a hundred different details. You just have to work your process. You can focus intently on what the candidate is saying and how they are saying it, and you can easily tell when someone is trying to game the system. You have the presence of mind that comes from having everything well prepared up front.

In the following chapters, I’m going to equip you with the knowledge to successfully navigate each stage of the interview process and work your draft board. And at the end of the book, I’ll provide a summary of all the steps and bring everything together in a way that’s easy to follow and remember.
Chapter 4
Skill Level and Role Fit

“The strength of the team is each individual member. The strength of each member is the team.”
– Phil Jackson

In order for an employee to perform at a high level, both skill and a match for the organization’s needs. If skill is high but fit is low, or vice versa, then the hire is going to perform at a lower level.

*Skill* is the level of competence and ability that a candidate exhibits in the role. You determine skill level by testing for it in the interview process. For instance, let’s say you were a VP of Engineering looking to hire a software engineer. How can you tell if a seemingly qualified candidate has the skills for the job? You test for it by asking them to code some sample problems vetted by the best minds on your engineering team.

*Fit* is a measure of how a candidate goes about their job compared to the needs of the role. You determine role fit by assessing a candidate’s PSIU style. Continuing with the VP of Engineering example, let’s say that you run a team-based agile development methodology. What style of engineer do you need on your team? A PSiu style that can code like a workhorse and is strong at enforcing processes? Or one who is more of a Pslu style that works fast and loves to code creative, brilliant solutions on the fly? You don’t have to be a VP of Engineering to know that you don’t get both qualities in the same engineer. So what style of candidate do you need on your team?

It’s intuitive that if skill is high but fit is low (and vice versa), then that engineer isn’t going to perform at a high level. You want to find candidates whose natural talents and style match well with the requirements of the role. Your first task is to identify a candidate’s skill level as belonging to either quadrant 1 or quadrant 2 (high or low skills). You can then match that information with the candidate’s PSIU style to determine if role fit is high or low too. Let’s dive in deeper to see how this is accomplished.

Testing for Skill Level
Most companies look for prior experience as a measure of skill fit. The thinking is that if this candidate worked in a similar capacity before, then they can do it again with a similar level of success. This is generally true, but not entirely. What made someone successful in their past job was more than their individual skills. They were influenced by a surrounding team, leadership, market timing, structure, process, life conditions, and so on that may not be applicable in this new role. There’s an old adage: “You can’t step in the same river twice,” and this is true of jobs as well. So while you’ll want to factor past experience into your pre-screening of a candidate, you’ll want to make sure you’re assessing skill and fit more thoroughly once you’re at the interview stage.

Testing for skill level might sound tricky or confusing, but it shouldn't be. If you were an NFL coach, wouldn't you have your quarterback throw a variety of passes for your scouts before you drafted him? You bet. Or if you were a Broadway producer, you’d
certainly ask the actors to audition for their roles, right? Of course you would. It's the same for your business:

- Need to hire a sales person? Have them sell you your own product in a mock sales call.
- Need to hire a VP of Marketing? Have them present a strategic marketing plan that's vetted by your best marketing minds.
- Need to hire a customer service rep? Have them get on the phone and deal with some sample customer issues.
- Need to hire a CEO? Then give them a complicated business case study to solve with the rest of the board and/or leadership team. How do they behave? What questions do they ask? What was the resolution of the mock session and were they effective in their leadership role?

When you're assessing the candidate in action, you're paying particular attention to how they approach the challenge and how they behave when doing the task itself. Are they naturally confident, poised, and competent in your sample challenge? Can they explain why they approached the problem in the way they did?

Basically, if you watch someone perform in your challenge at a high level and they can explain why they approached the problem in the way they did, then that's a very strong indication that this person has the requisite skills for the job.

But you can also get a sense for a candidate’s upside potential based on the quality of their effort. If this candidate is inexperienced, do they have the raw talent to make up for it? Even if they don’t know exactly why they did what they did, did they seem to possess an intuitive knack for the role? As they say in football about a naturally gifted player, “you can’t coach that.” And if they did get the skill test wrong, is that something you can teach them to fix and can they learn quickly?

Note that, when designing your talent test, you should keep it simple! The goal is not to create the world's most comprehensive and elaborate production. Your goal is to quickly and effectively get a good sense of whether the candidate has the relevant technical skills for the job.

Remember too that the mock challenge is not the same as the real thing. The NFL has the NFL Combine, an annual rite of passage for wannabe players to participate in before the draft. At the combine, team scouts and executives subject their potential draft picks to a variety of tests to determine skills and skill potential.

Some players do great on these combine skill tests and silly teams, wowed by these incredible stats, stretch to draft these players. More often than not, these superstar testers can’t bring it all together to play at a high level during game time. Others do so-so on the tests but deliver at game time because their football instincts take over.

So take the results of the skill test with a grain of salt. You want to baseline their skills but not overinvest in—or put too much emphasis on—testing. Use the skill test and past experience together as the deciding factor in determining potential skill level. Just keep in mind that there are some things that you can only figure out in the heat of battle—another reason why you always want to start a new employment agreement with a trial or probationary period, which I’ll discuss more later.
Using PSIU to Assess for Role Fit

Once you understand the basic parameters of PSIU, it’s actually pretty easy to discern someone’s default style, as well as their style under stress, even without a formal assessment. Additionally, unlike traditional personality type assessments like the Myers-Briggs Type Indicator (MBTI), the PSIU method is fast and easy to apply in the heat of battle—settings like a sales call, a board meeting, and an interview. Like anything worthwhile, however, it will take some practice and dedication to reach a high level of proficiency. So how do you do it? You pay attention to two things:

1. The candidate’s pace and energy level
2. In which areas your confidence level about this candidate is highest

That’s it! You pay attention to two simple factors—pace/energy and the areas inspiring most confidence—to reveal a surprising amount about the candidate’s management style, including his or her strengths, stressors, communication rhythms, language tendencies, preferred work habits, and natural fit for the job. Here’s how to apply it.

Take a look at Figure 5 below. First and foremost, I want to clarify that although this is another two-by-two matrix like the draft board, the two matrices have nothing to do with each another. Nada. Zilch. That is, I’m NOT trying to communicate that the Stabilizer section in the upper left quadrant of Figure 5 has anything at all to do with the #1 Team Leader quadrant that also resides in the upper left quadrant of the draft board, and so on. This new matrix is just a way of communicating PSIU styles in a simple way.

![Figure 5. To identify PSIU style, notice pace and areas inspiring the most confidence.](image-url)
Notice that the words “Slower Pace” and “Faster Pace” are written at the top of Figure 5 on either side of the word “Parts”? Pace refers to the speed at which a candidate speaks, acts, moves, and thinks. The reason that I want you to pay attention to pace and energy level to begin with is that it’s very easy to monitor pace and energy level and it will help to narrow down a candidate’s dominant PSIU styles.

Basically, if this candidate has a quick, high-energy pace in words and actions, then he or she as at least one dominant style on the right side of the matrix and tells you that they have a strong relative drive to Produce or to Innovate. But if he or she is moving at a slower, more methodical, reflective, or measured pace in their words and actions, then he or she likely has a least one dominant style on the left side of the matrix or has a strong relative drive to Stabilize or Unify as part of their style.

Can someone be both fast and measured in their pace? Yes! Remember that each of us has a mix of all four styles because each of us must shape and respond to change and do so as a whole system. But what you want to track is the general trend of the candidate’s pace and energy level. Do they tend to be faster or slower than the norm? Higher-energy or more measured? Once you can discern that, then you can mentally place them on the right or left side as a possible Producer or Innovator style (right side) or a Stabilizer or Unifier style (left side) as at least one of their primary styles.

Also notice in Figure 5 that there are other factors you can pay attention to when interacting with a candidate. Does this candidate tend to take a shorter or longer range view in their focus? Do they seem to prefer a more structured or more unstructured approach in managing their life and work? Are they more process-oriented or more results-oriented? You’ll be able to pick up on these other factors with practice but start with pace and energy level as your leading indicator because it’s easiest to monitor.

Once you have a sense of the candidate’s general default pace, the next qualifier is the areas in which this person inspires most confidence. Under each style in Figure 5, you’ll see two check marks. This represents your own confidence level in that candidate’s abilities and it works like this:

- **Producer Style:** If this person has a faster pace and high energy and if your confidence that he or she will work hard and is a “fighter” is increasing over the course of the interview, then that’s an indicator that they have a strong Producer force in their management style.
  
The Producer prefers to work early and late, takes pride in completing a volume of work, likes others who also work hard, and focuses on what to do and getting it done—fast. Being a fighter means they don't like to quit. They fight hard to win the deal, complete the project, or achieve victory (however they define it).

- **Stabilizer Style:** If this person has a slower pace and more measured energy and your confidence that he or she can easily focus on and organize complex details and deliver thorough, high-quality work is increasing, that’s an indicator that they have a strong Stabilizer force in their management style.
  
This is the type of person who can bring order out of chaos. They thrive at making things efficient, controllable, and repeatable. They pay attention to the little things and ensure high accuracy. You have confidence that if you give them a task, there won’t be any errors or omissions due to a lack of quality control.
• **Innovator Style:** If this person has a **faster pace** and **excitable energy**, and if your confidence that he or she will be **creative** and **cutting-edge** is increasing, that’s an indicator of a strong **Innovator** force in their management style. The Innovator has a high capacity to find ingenious solutions to complex problems and an early sense of trends converging in the environment that can be made into something new. Being cutting-edge for them means disrupting the status quo. They can see their vision of the future clearly and they’re willing to take great risks to make it a reality. Sometimes cutting-edge becomes the bleeding-edge when the Innovator gets too far ahead of the current reality.

• **Unifier Style:** If this person has an **appropriate, measured pace** and energy level and if your confidence in their ability to establish instant **rapport** with a variety of people and be **we-focused** rather than me-focused is increasing, that’s an indicator that there is a strong **Unifier** force in their management style. This person can connect, empathize, and energize others. Drop him or her into a war zone and they’ll soon have a bunch of friends to hang out with. This person has a natural ability to consider the needs of others and/or the group, sometimes at the expense of his or her own needs.

The point of all of this is that you want people on your team who have a natural style fit for the role you need them to play. A mature, healthy individual will demonstrate their primary style as a high drive in at least two areas (versus one area alone). In addition, two forces are enough to capture what’s most important for a given role. Below is a chart that shows where your own confidence level will be increasing for a given style. I’ve added a Name category that captures the essence of each style and makes it easier to remember.

<table>
<thead>
<tr>
<th>Code</th>
<th>Type</th>
<th>Name</th>
<th>Candidate seems to excel at…</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSiu</td>
<td>Producer/Stabilizer</td>
<td>The Operator</td>
<td>Executing accurately; managing a volume of details quickly</td>
</tr>
<tr>
<td>Pslu</td>
<td>Producer/Innovator</td>
<td>The Entrepreneur</td>
<td>Entrepreneuring; leading a new, high-risk initiative</td>
</tr>
<tr>
<td>PsiU</td>
<td>Producer/Unifier</td>
<td>The Seller</td>
<td>Relationship-building towards a goal; outside sales; inside sales</td>
</tr>
<tr>
<td>pSlu</td>
<td>Stabilizer/Innovator</td>
<td>The Analyst</td>
<td>Seeing the big picture and creating order; analysis; finance</td>
</tr>
<tr>
<td>pSiU</td>
<td>Stabilizer/Unifier</td>
<td>The Organizer</td>
<td>Project planning; event orchestration; account management</td>
</tr>
<tr>
<td>psIU</td>
<td>Innovator/Unifier</td>
<td>The Evangelist</td>
<td>Evangelizing; strategic relationship building; statesman</td>
</tr>
</tbody>
</table>
By paying attention to the candidate's pace and your own confidence level, you'll have a surprisingly accurate sense of their two dominant styles. You can also elect to send a candidate a PSIU New Hire Style Assessment which will reveal and compare how the candidate views his or her current style today, how he or she desires to be, and the needs of the role for which you are hiring.

It’s very possible that you’ll end up with a candidate who is hard to read. They’re like vanilla ice cream. Either very plain or even across the board. What are you getting in this instance? One of two types:

1. An individual who is trying to game the system and tell you what they think you want to hear. They just want a job. Any job.
2. A middle-of-the-road generalist who can probably do an adequate job in a wide variety of tasks.

You can tell the difference by looking at their career history and spending some time together. What roles have they performed in the past? What notable achievements? Does what they’re saying and how they make you feel align with who they claim to be?

I have provided a detailed description of the PSIU management styles in the Organizational Physics Hiring Toolkit section of my website, which can be found at http://www.OrganizationalPhysics.com/hiring/freebooktools. There you'll find a guide that explains why styles exist in the first place, how they interact, their preferred working styles and communication patterns, and how to better manage them above and below you in your organization. Study it. You'll not only improve your acumen as an interviewer, but also your ability to manage and influence others with more ease.

Also, consider taking the individual PSIU Individual Assessment at http://organizationalphysics.com/the-psiu-talent-management-suite/to better understand your own style and stressors. (Note: This is a different assessment from the hiring assessment designed specifically for new hires.) Or sign up for one of the Organizational Physics training programs. Like anything worthwhile, the more you put into understanding PSIU styles, the more you'll get out of it.

Summary
Skill and fit complement each other. You wouldn’t hire a person without the skills to do the job, nor should you hire one who doesn’t have a strong natural fit to do it.

The best way to determine skill level is to test for it. The State of Missouri state slogan had it right when it comes to testing for skills: “Don’t tell me; show me.” Run a mock situation—like a quarterback try-out or a Broadway audition—and you will quickly have a sense if this candidate has the raw skills and potential for the job. The simplest way to determine role fit is to pay attention to the candidate’s pace and energy level and in what areas your own confidence level is increasing or decreasing.

Note that even if you do decide to hire a candidate that doesn’t have a strong PSIU style fit, at least you know what to expect in advance and can help support that candidate in being successful. For example, let’s say that you need a candidate who can step in and bring order out of chaos (Stabilizing force) but you’ve chosen to hire a
candidate who really has a big capacity to keep up with the volume of work (Producing force). You know up front that you'll need to support this candidate with people who can be project management resources and design more efficient systems while he or she pounds the rock.

At the conclusion of this step in the hiring process, you should be able to rank the prospective employee on a scale from 1 for a high skill and high fit match to 2 for a low skill or low fit match and understand their dominant or natural PSIU style. The next step, which you are already doing simultaneously with testing for skill and fit in the interview process, is to determine if they share the desired vision and values of your organizational culture.
As I write this, it’s Sunday night and the first weekend of the 2013 NFL season has just come to a close. One of the games that intrigued me the most was when the Tennessee Titans, who have been a lowly NFL franchise for a long time, beat the Pittsburgh Steelers, one of the NFL’s perennial powerhouses.

On the one hand, so what? As you know already, in a league designed for parity, on any given Sunday one team can beat another. Besides, this is a rebuilding year for the Steelers. On the other, what struck me about this game is how second-year Titans head coach Mike Munchak, a former NFL lineman, has gone about attempting to recast a new identity for the team.

Basically, in a league known for passing the ball and advanced offensive sets, Coach Munchak has stated his intention to go in the opposite direction. Plain and simple, the Titans are going to run the ball. To wit: They ran the ball 66.7% of the time on Sunday—an almost unheard-of percentage in the modern NFL.

After the game, he said: “I know it’s a scoring league. I know you’ve got teams out there scoring 35, 42 points. But we’re going to build an identity to win playing our way. We’re going to pound the ball and keep pounding the ball.” That’s an identity. It may be different. It may be contrarian. But it’s true and authentic to the way we do things here.

An identity is not just lip service. It’s not a mission statement written on the wall for the staff to roll their eyes at. It’s the core vision and values that animate a team. If it’s a real identity, it’s backed up by consistent action, and sometimes even bold bets.

In this instance, before the start of this season, Munchak paid big money for one guard in free agency (Andy Levitre), drafted another guard 10th overall (Chance Warmack), signed 225-pound Jets running back Shonn Greene in free agency to back up Chris Johnson and 240-pound back Jackie Battle for insurance, and inserted 247-pound undrafted Army fullback Collin Mooney in the starting lineup. That’s tough, smash-mouth football.5

5 Interesting to note: Four months later, Titans head coach Mike Munchak was fired at the end of the 2013 season after going 7 for 9. What happened? Was “run first” the wrong philosophy or was it poor execution of it? I believe that Munchak didn’t follow through on his stated philosophy. In a late season game against Arizona, the Titans had a chance to win the game by converting a short, one-yard play. This was exactly the type of situation in which Munchak designed his team to excel. Did he follow through and execute on his philosophy? No. He chose to have them kick a field goal and then Arizona promptly came back to beat them. He was fired two weeks later. That’s a lesson every leader should remember. A true philosophy can’t just be lip service: you’ve got to back it up with courageous action.
The same focus on creating a unique identity, whatever it may be, holds true for your business. You need to find players who are not only outstanding at what they do; they also buy into that same vision and represent the desired values. In other words, they're going to walk the talk.

There’s a saying that when the head is rotten, it affects the whole body. Put another way, vision and values flow from the top of the organization down. That’s why it’s so critical to avoid filling leadership roles with #3 Specialists who don’t buy into the desired vision and values. By definition, specialists are like mercenaries or free agents who are in the game only for themselves. If they get control of the ship, the culture will quickly turn toxic and work against itself.

While there are psychometric profiles you can purchase that purport to tell you someone's core values, at the end of the day, the only real test is spending time together. That is, the more time you spend with a candidate, especially in non-work settings, the more clear you’re going to be about who they are as a person and what their true values are.

It’s sometimes called the “airport test.” If you were stranded at an airport with this person, how would you get along? Would they add to your energy or cost you energy? How do they interact with others when under stress and duress? How do they treat the service staff at the airline and in the restaurants? How do they spend their free time? Are they well-rounded and curious or arrogant and closed-minded?

Seeking alignment in vision and values is not too different from dating. When you’re looking for a life partner, at first you’re attracted to external attributes like physical appearance, education level, shared backgrounds, and so on. As you get to know them, however, you’re going to focus more on whether you both see the world in the same way and want the same things out of life.

Of course, in a business setting you’ll rarely invest the same amount of time into a candidate as you would a prospective spouse, and you’d only invest significant time on the most critical or senior-level hires. So you do need some method to speed up the compatibility check.

My favorite way to quickly get a sense of someone’s vision and values in an interview is the past-why and future-why method. Here’s how it works…

**Understanding the Candidate’s Past Why and Future Why**

“Past why” and “future why” refer to a two-phase questioning method that instantly taps into someone’s vision and values in relation to both their past and what they’d like to create in the future.

You begin with the past why. When you’re interviewing the candidate, scan their resume and past experience, pay attention to the career junctures and ask them why they made the career choices they made in the past.

“I see from your resume that you worked at Google for three years and then made a shift to work with a micro-finance startup in Zambia. Go back to that period in time. I’m interested in why you made that career choice.” Or…

“Tell me about the most important career decision you’ve ever made. What was happening in your life at the time and why did you make the choice you made?”
By paying attention to the transition points, you can get a deep sense of the vision and values that were true for that person in the past, and whether they seem to have the desired character and mindset that align with your organizational culture.

Pay particular attention not only to what the candidate says, but how he or she says it. Are they at peace with those transitional points? Have they learned what they need to learn? Do they take responsibility or blame someone else? Who are they as a person and is there a fundamental match with the type of person you’d value as a leader or team player?

Notice too how you feel in their presence. Do they uplift you or drain you? Does something feel off? For instance, I have a friend who is an emergency room doctor in Portland, Oregon. As you can imagine, he deals with all kinds of people. I asked him one day about the process he uses to figure out if a patient is telling the truth in the ER or if they are making up some crackpot story.

What he said was really revealing: “I pay attention to how I’m feeling. When I’m interviewing a patient, especially someone who claims to desperately need drugs or medication, sometimes I’ll start to feel irritated or angry for no apparent reason.”

I thought this was strange at first because he’s one of the calmest guys I’ve ever known. Then he went on to say, “I’ve learned to recognize that when I’m in someone’s presence and I suddenly start to feel a strong emotion like anger, it’s often a signal that the patient isn’t telling me the whole story. They’re withholding something from me.”

That’s the same type of intuition that every hiring manager and interviewer should apply to interviewing candidates. Does something just feel off? Do you have a strong reaction, one way or another, to a candidate? Pay attention!

Now, I understand perfectly well that there’s a strong body of evidence that shows that intuition isn’t reliable and our culture rightly values fact-based analysis. If you were just relying on intuition alone, I’d tend to agree that this isn’t the best way to make decisions for your organization. But in this case, you’re not! You’re using a systematic, analytical approach that is integrated by your intuitive sense of this candidate’s fit—which will obviously include how you and others in your organization feel in their presence. In other words, your winning candidate should pass both the head check and the gut check.

Vision and values aren’t static. They evolve as a person evolves (or devolve as a person devolves). So what are the candidate’s desired future vision and emerging values? What’s really motivating them now, and how do you tap into that?

The future why technique takes a bit of practice to get comfortable using as an interviewer, but it’s very powerful. It will help you identify what really makes this candidate tick and where they want to be in the future.

You ask the future why question like this: “Imagine for a moment that you have all of your financial needs met for you and your family. This means that you never have to work again. You are financially free. You made it. Tap into what that would feel like for a moment. In this state, what would you do with your time and energy that would create deep meaning and fulfillment in your life?”

Now, it may seem odd at first to ask a job candidate to imagine being financially free and discuss what he or she really wants to do with their life—especially if they’re young
and just entering the work force—but trust me on this. Ask anyway. Here's a sampling of what you're likely to hear after you ask that question:

- "Uh, geez, I've never thought about it before. I don't know. I think I'd play video games a lot."
- "I'd travel around the world and then go to Rwanda to work with orphans."
- "I'd start my own vineyard."
- "I'd start my own business working with a kick-ass team of go-getters."
- "I'd write the great American novel."

The potential answers are as varied as the people giving them. And while the answer itself can be very revealing about the candidate's level of self-awareness, interests, and values, it's not nearly as important as the reasons he or she gives for it. Once they answer the first question, then, you're going to ask the critical follow-on question: "Why? Or, what would having this do for you?"

The candidate's answer to why they would do those activities is what you're really after. This answer reveals the candidate's deepest motivations and desires—and what really makes them tick. It's also what allows you to see if there's a match between the candidate's vision and values and your company's. For example, the candidates might answer:

- "Because I love the action, feedback, and teamwork involved playing video games."
- "Because I enjoy seeing new places and giving back to others."
- "Because I love the process of making wine, working with the land, and concocting the perfect mix of ingredients. I love how it brings all these different elements together and I want to put my name on that."
- "Because there's nothing better than working with a smart and talented team towards a common goal and winning."
- "Because having my novel published would allow me to tell a great adventure story. As a published author, I could also take time to think and write when I want to."

Why is the second part of the future why question so revealing? Because it's not so much their specific desires that matter, but rather the qualities of expression that they think having those desires fulfilled will bring them. Put another way, even if your company doesn't work with orphans in Rwanda or wouldn't support an employee in their quest to write the great American novel, the motivations behind those activities might be a perfect match with your company's vision and values, as well as the style of candidate you want. For instance:

- Are there elements of action, feedback, teamwork, and winning within your company's culture?
- Does your business need this position to travel or to look at things in a new way? How does working for your company allow the candidate to make a contribution to others?
• Is process creation and mixing different ingredients a core part of the job description?
• Do you need this candidate to work with a smart, talented team and win?
• Do you allow for flexible work schedules and management by objectives? Is the company crafting an adventure story of sorts?

As the hiring manager, asking the past why and future why questions allows you to suss out what's really in the candidate's heart and provides insight if there's a match between the candidate's desired experience and the goals of the company.

It also allows you to be a better recruiter and have an edge in winning over your preferred candidates. In order to persuade them to join your company, for example, you could use the information you learn from this exercise to help them see the connection between their vision and values and those at the core of your business.

"We really think you'll do great here, Mary. While we don't work with orphans in Africa directly, the job itself requires you to travel and collaborate on important projects. In addition, it pays well and provides generous vacation time that you could use to fulfill your personal travel and philanthropy goals."

When you’re spending time together, using the past and future why method will be a very helpful and easy way for you to assess or verify a candidate's vision and values, as well as their PSIU style—and therefore predict with a higher degree of accuracy their potential for success and satisfaction in working for your company.

The Specialist Conundrum
When growing your organization, you are going to come across your share of Specialists who have high skills and high fit but don't match the desired vision and values. Like the sirens of Calypso, you are going to be very tempted by their appeal. It makes sense. They have all the particulars on paper. They have a successful track record. It’s clear that they can do the job and do it well. And you are under tremendous time pressure to get this position filled.

Even though your gut is telling you that something is off, you’re going to want to say “F*** it. Let’s take a gamble and hire this person. Besides, we don’t have any other viable candidates. I’m sure we can get them to come around and fit into our culture over time. Maybe we can even get them some coaching to smooth out the rough edges and tie their bonus to this.”

I get this line of thinking. I’ve been there myself, more than I care to admit, and it’s a big mistake. The reason is that values are intrinsic; they can't be managed by extrinsic motivators. Can we evolve as individuals? Absolutely, but only if we ourselves want to evolve and, even then, it takes time, reflection, dedication, and determination to integrate the desired personal changes.
Hiring a specialist who doesn’t share the same vision and values into a leadership position in your company is the surest route to wreck a strong organizational culture. If the head is rotten, the body follows.

How many times have you experienced having a bad leader wreck a great situation? More than a few, I bet. According to data presented in a 2013 Forbes article, the top reasons why people quit their jobs are not liking their boss, internal politics, lack of recognition, and lack of empowerment (all signs of poor leadership), and not career advancement at another company.⁶

Despite your best efforts to avoid them, at some point you will find yourself with one or more Specialists on your leadership team. These are the people who are very good at what they do but cause the rest of the organization a lot of drama and aggravation. They are me-focused instead of we-focused.

There are two reasons why you end up having Specialists in your company and even on your leadership team. One, you made a past hiring mistake. Two, your former Team Leaders in quadrant 1 have shifted towards being more like Specialists in quadrant 3 over time.

People change. Prior success can be the biggest detriment to future success because success can breed arrogance and laziness. There’s a saying in football that the first Super Bowl is easy. It’s the next season that’s really tough. This is because some players on teams that taste success—unless counter-balanced by great coaching and culture—start assuming that they can take it easy going forward. These players become less focused on the needs of their teammates, working hard, and staying humble and more focused on their own contract extension, playing time, and standing in the locker room.

The same is true in business. The company tastes some success and the locker room shifts. It’s no longer about meeting customer needs, being a great teammate, trusting one another, and working hard towards a common goal. It’s now about the job title, the bonus payouts, the option grant, and office politics. When this attitude becomes widespread, your organization will start to fail.

True Team Leaders act as a counterweight to this insidious trend. They understand that the star of the team is the team. They call out BS when they see it. They reinforce the right mindset and behaviors by walking the talk and demonstrating excellence. Specialists on the team tend to be just the opposite. Sure, they still do good work, but the cost of that work is personal drama, politicking, and downshifting the desired organizational culture.

It is for this reason that you must avoid having anyone in a leadership position that doesn’t embody the desired vision and values. This includes new hires or an existing team member. Don’t fall prey to short-term expediency at the cost of long-range viability. Don’t hire or allow a mercenary type of mindset into core leadership positions.

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⁶ Alan Hall, "'I'm Outta Here!' Why 2 Million Americans Quit Their Jobs Every Month (And 5 Steps to Turn the Epidemic Around." Forbes: March 11, 2013.
Summary

Having shared vision and values among employees sets a great organization apart from an average or failed one. Understanding a job candidate’s vision and values is therefore crucial.

Ultimately, the only way you can really understand someone is to spend time with them. Who are they as a person? What makes them tick? How do they respond under duress? It’s like dating. The more important the relationship (and the higher up the chain of command), the more time and energy you invest into the dating process.

You can get a sense of someone’s vision and values by asking big questions—“Why did you make this transition?” and “What would having this new experience do for you?”—as well as paying attention to how they act in everyday settings and how you feel in their presence.

At the conclusion of this step in the hiring process, if the candidate seems to share the vision and values of the company, then you’ll leave them where you left them on the draft board in the prior step, anywhere between 1 (for high skill/fit match and shared vision and values) and 2 (for low skill/fit match but shared vision and values).

However, if you get the sense that the candidate does not share the same vision and values, then move them from a 1 to a 3 (i.e., a Specialist with high skill and fit match but unshared vision and values) or from a 2 to a 4 (i.e., a Waiver who you don’t hire because he or she lacks skills or fit and doesn’t share the desired vision and values).

Now that you have assigned the candidate to the correct quadrant on the draft board based on skill & fit and vision & values—and provided the candidate is still in the running—you’re ready for the next step in the hiring process (which you can also determine concurrently with the previous): what the candidate demands in return.
**Chapter 6**

Market Comp vs. Candidate Demands

“Lots of folks confuse bad management with destiny.”

– Ken Hubbard

Many poorly and average-performing companies have their compensation philosophy upside down. Such companies use internal “levels” or “pay grades” that assign more or less pay based on where an employee is in the organizational hierarchy.

So if a level 1 employee does a good job, they get an automatic raise or a bump once they reach a level 2 and so on. Or perhaps the managers have some discretionary spending and there’s an annual review process where everyone in the company gets an automatic 3% raise and those who have performed at a really high level get a 5% bump.

In companies like this, the unstated goal for employees is to take on more and more responsibility to reach a new compensation level, or to shift over to an open spot in the organizational hierarchy with a higher compensation level, and to keep climbing up the corporate ladder until there’s no more room to go up.

This kind of internal compensation philosophy is ass-backwards thinking. It’s totally divorced from the reality that employees, like football players, groceries, or cars, are resources that a business must purchase on the open market where the price fluctuates over time based on supply and demand.

Some types of employees, because there’s really high market demand for their skills and experience, cost a lot. Others, because it’s easy to find those types of skills and experience, cost a little. This is why at certain phases in the market, a Mobile Security Engineer earns more than a CEO. Why? Supply and demand. Just like if there’s a shortage or a surplus of bananas from Latin America, the price of bananas at the supermarket rises or falls.

Smart companies, just like smart NFL GMs, understand this. Rather than use an internal level classification, they benchmark the going market rate for a position and then they pay their employee that rate, either at a discount because they can, or up to market because they must.

But they never go and break the payroll bank on one particular employee (some free agent superstar), nor do they let their payroll get out ahead of the market. Otherwise, they must have a reckoning one day soon and suffer because they can no longer afford to pay anyone. They’ve broken the bank.

That’s the mindset you need to take into the hiring and promotion process. You don’t give a salary bump for longevity or performance. You make salary adjustments based on the going market rate for that position while measuring and requiring high performance from everyone. And like any good GM, you’re always on the lookout for
deals—employees who are a great fit in your system and may even come at a discount to market rates.

Why would talented people join your company when they can get more money elsewhere? Doesn’t that fly in the face of the old adage that you pay above-market rates for above-market performance? No, it doesn’t. People work for many things and, once their basic needs are met, money falls far down the list of motivators.

According to Daniel H. Pink, the author of the New York Times bestselling book Drive: The Surprising Truth About What Motivates Us, the secret to employee motivation and high performance doesn’t lie in compensation plans, bonus structures, stock options, or 401K plans. It lies in creating an environment where employees feel that they have autonomy in how they go about their tasks; that the work creates an opportunity for them to learn new things; and that their contributions better themselves and the world.

If you follow the NFL, you’ll notice that the consistently winning teams manage their salaries (called “cap space”) so that, more often than not, they pay below market rates for above-average to excellent performance.

Take the Patriots as an example. They consistently find undervalued players who have innate football instincts and are a great fit within their system. When those players get to the end of their initial contracts and start to demand at- or above-market compensation, they usually trade them away.

They do this because they are relentlessly focused on managing their cap space and keeping the organization healthy over time. If they didn’t do this, they would end up like the Raiders, a team with a hopelessly bloated cap in the middle of a three-year workout where they can’t afford to hire any quality players because they’re burdened by reckless past spending.

Notice, too, how the consistently winning teams get players to accept below market compensation. They sell them on the benefits of being part of a winning system: “While it’s true that you can get more cash comp from the Raiders, if you value winning, low bullshit, and the ability to apply your craft at the highest level, then for a small discount, you can join us here. Our philosophy is to keep our overall payroll healthy so we can afford to put a winning team on the field, year in and year out.”

You should keep this in mind when it comes to your business, whichever compensation strategy you choose. What are you selling besides paying well relative to market rates? A winning culture? The opportunity to do something that’s never been done before? The chance to get in on the ground floor? An environment without politics? Working with the best? A compelling market opportunity? Learning, growth, autonomy?

Whatever it is, get clear about it and know that, for the right style of employee, some of those intangibles—if true and authentic within your organization—will be significantly more valuable to him or her than taxable cash compensation.

Now obviously, just as some football players are going to say, “Screw you, Patriots. I want the most cash I can get!” some qualified prospects for your company’s position are going to choose the highest paid offer, no matter what. And that’s great. They don’t fit your system anyway so they self-select out.
There will be other high-quality players, however, who do buy into a team-first philosophy. Your job is to be clear about what you’re offering in addition to paying well, to set up a sound hiring process, and to stick to your guns about the quality of people who represents team leaders and team players in your organization.

If your organization is doing the fundamentals right—you are a growing business with a smart strategy, you have a great working environment with talented people, you create a culture where your staff can thrive in experiencing their own desires and, at the same time, contribute towards something larger than themselves—talented people who are a strong fit for your organization will be willing to consider less monetary compensation than they could get elsewhere to be part of that environment.

I’m not saying that you can be cheap. I’m not saying that you shouldn’t pay your staff handsomely. I’m saying that you should pay within market rates to get the right people. But you don’t have to pay above market rates to get the right people. If you keep paying above market rates, then you will create a culture of mercenaries, not true team leaders and team players.

So the first step in determining what you’re willing to pay for a particular position is to get a sense of the going market rate.

**Understanding Market Rate Compensation**

Finding out the going market rate for a position is pretty easy. You don’t have to be precise to the penny—a range of +/-10% is accurate enough. Also, it should be clear that you are competing with companies of your relative size within your geographic market and industry.

For example, let’s say that you run a financial services firm in Seattle with $20M in annual revenue, 150 employees, and annual growth of 20%, and that you’re recruiting for a VP of Marketing who can oversee brand development and marketing execution.

You know from word of mouth, the market compensation survey you subscribe to, and your HR specialist that local Fortune 500 firms like Microsoft and Nike pay a base of about $350,000, .005% equity, and a 20% performance bonus for a VP of Marketing.

Is that the market rate for you? Probably not! Your market rate is for companies in your size range with your relative growth prospects. So you rely on the same sources—word of mouth from your network, market compensation surveys, and hiring experts—to help you identify what the real market rate is for this position. In 2013, it would probably be more like $150,000, .5% equity, and no performance bonus in the near term.

Getting that market rate compensation information is pretty straightforward. But now you might have some calculations to make. Can you afford the going market rate? If not, how will you comp? More equity, more bonus, more ownership opportunities, more autonomy, more growth prospects, or more excitement?

The hardest part of using market-based compensation philosophy successfully actually isn’t figuring out what that compensation is, or finding people who are a fit. It’s having the fortitude to say “no, thank you” or “goodbye” when it’s time to let a prospect or an employee go.

As a fan, it’s hard to see your favorite player go before their prime. (I know how I felt about Wes Welker leaving the Patriots for the Broncos in 2013.) As an employer, it’s
even harder to let your favorite employees go, especially those who have worked so hard within the system and have gone the extra mile.

It’s natural for employees (including you) to want as much compensation as possible and to work in a winning environment. So don’t hold it against them for asking. But if the ROI just isn’t there—if it’s too expensive to keep this employee on—relative to the open market, and there’s not another good position for them to fill, then it’s time to let them go for the health of the overall organization. That’s true from the CEO to the janitor. We’re all subjected to market rate compensation.

Negotiating to a Happy Place

Just as finding out market rates is relatively straightforward, it’s pretty simple to determine what an employee demands. Just ask them: “What are your expectations on salary and benefits?” That’s easy enough.

The trickier part is finding a happy medium if there’s a large gap between what you’re offering and what the employee feels he or she can get somewhere else. Now, the gap might be so large that it’s really an uncrossable chasm. As I mentioned earlier, in that case, this person is showing up as more of a mercenary than you should be willing to hire. You shouldn’t break the bank trying to close that gap.

In many cases, however, it’s possible to find a happy medium. If you do need to negotiate against a better cash offer from a competitor, then you need to know three things about this candidate so that you can help to close the gap:

1. What does the candidate truly desire in addition to money?
2. What is the candidate’s cash equivalent value of these desires?
3. What is the candidate’s trust level that your organization can deliver on those desires?

Let’s start with question #1. What does this candidate truly desire in a new job? The fact is that there are many things that a candidate could desire in addition to cash compensation. And some of these things may be significantly more valuable to the candidate than the cash compensation itself.

What kind of things? How about the opportunity to realize a lifelong ambition? Or a supreme cultural fit? Is it enhanced social standing? Equity/ownership opportunities that can create true financial independence? An exciting market growth curve? New learning opportunities? The chance to work with a mentor they admire and respect? A true sense of camaraderie with their peers? Outstanding fit for the role? Fulfilling their sense of purpose? Heck, what about the vacation policy?

Depending on the candidate, any of these things (or others) could be their real emotional drivers and could be perceived as more valuable than a regular paycheck. After all, a paycheck is just a means of exchange and a taxable one at that.

The fact is that we all desire more. More love, more wealth, more health, more recognition, more creativity, more sense of belonging, more adventure, more whatever. So what does this candidate really desire and what are the creative ways that your offer can deliver on those desires besides short-term, taxable compensation?
Like any good sales person, when you’re trying to sell a candidate, your job is to discern what his or her driving factors really are. Oftentimes candidates aren’t even fully clear about these things yet themselves. You can determine their driving factors in a number of ways. Start by asking, “So what are the top criteria you’re looking for in a new job? What’s most important to you?”

Note their answers and then validate them against the types of questions the candidate is asking during the interview. What’s getting most of their attention as they discover more about the company? What seems to get them excited? What seems to cause them concern? What caused them to make a change in jobs before? What seems to be driving them now? How will they know it when they see it? What asides did they let slip when they were feeling relaxed and their guard was down?

Another good revealer of a candidate’s emotional drivers is their dominant PSIU style. A high Producer style will tend to value autonomy, clearly defined goals, and the opportunity to keep score and move forward. A high Stabilizer style will tend to value good systems and procedures and the feeling of job security. A high Innovator style will tend to value the opportunity to express their vision and make a dent in the universe. A high Unifier style will tend to value teamwork, camaraderie, and deep interpersonal connections.

Once you’re clear on what the candidate truly desires, you can help to close the perceived pay gap by helping them to appreciate the cash equivalent value of your total offer. For instance, what’s the cash equivalent value to the candidate of learning from a boss they like and respect? What’s that worth to them, really? Or how about the value of working in a low BS environment? Or to express their true talents and purpose in their job?

You could say to Charlie Candidate, “Charlie Candidate, it seems like driving forward new innovations is really important to you. If you were to put a price on that, how much would you pay?” Charlie might respond, “I don’t know.” Or, “At this stage in my career, that opportunity is priceless.” Or even, “$50,000.” The answer isn’t as important as is helping Charlie justify to himself, his family, and his peers why he’s willing to accept a lower cash offer than he could get elsewhere. If he can rationalize it, then you can ultimately close the deal. If he can’t, then you can’t.

Finally, you won’t have a prayer of closing the gap with a higher cash offer from a competitor unless the candidate actually trusts your organization’s ability to deliver. If the Patriots weren’t consistent winners who could offer high non-cash rewards that more than compensated for the discount, no sane athlete would accept their offer.

In this regard—like most situations in life—actions speak louder than words. You can’t just pay lip service to how awesome it is to work with your company and why a candidate should trust the management team to execute. If this candidate is really important to you, then you need to show him or her what it’s like to work with you and build up trust and credibility.

For instance, several years ago a hot online advertising startup retained me to help with the recruitment of a VP of Sales. I interviewed a candidate they liked and I could tell that she had the right style match: a PsiU (a high drive to produce and a high drive to connect with the team and the clients in a meaningful way). I told this to the CEO and
I reminded him that this candidate would really value being part of a fun, strong culture. It was critically important to her.

Their team interviewed this candidate at their offices and from the CEO’s perspective it seemed to go well. But afterwards the candidate stopped replying to the CEO’s emails and a few days later, announced that she was joining another firm. The CEO was crestfallen and couldn’t figure out what his company did wrong in the interview process. Was it him? Was it their offer? Was it something they said or didn’t say?

I scheduled a follow up call with this candidate to do a debrief. I congratulated her on her new position and asked if she would be kind enough to give my client some feedback. She was very candid: “You know, the whole time I was interviewing, everyone kept telling me about the cool, fun culture. It was almost like they were coached to say it. But you know what? Not once did I see any evidence of it. No one was going out to lunch, no one contacted me for a drink or a cup of coffee to really get to know me. Everyone had their heads down busting their ass on the job. I just didn’t buy all the talk about culture. It felt like just that—talk.”

So that’s the spirit of closing the perceived pay gap. Figure out what a candidate really desires. Help the candidate to appreciate and justify that there’s more to work than a bi-weekly, taxable paycheck. And build trust and confidence by equipping the candidate with the experience and anecdotes of what working with your firm is really like. But don’t get so caught up in the thrill of the chase that you lose sight of what’s most important. You’ve got to pay fair market compensation and if there’s going to be a true match, then it needs to authentically work for both sides.

When determining your compensation level for a given position, there will be times when the market has moved aggressively and you need to up your cash component to match. If you keep losing good candidates, that may in fact be the case. It’s time to do some more research with your network and research agencies, and follow up with lost candidates.

There will be other times that a candidate seems so awesome that you become willing to pay significantly more than you thought you needed to. Just keep in mind that the more you have to move the needle in compensation/rewards, the more mercenary that candidate becomes—even if they seem perfect in the interview process. So whenever you choose to pay above market, you should do it very judiciously.

Why is this? Well, if everyone in the company makes X relative to market and you bring someone on board who suddenly is making 3X, that person is going to impact the culture in a mercenary way, even if they have the best intentions. “Are you kidding me? Frank is making $500K? I’m only making $300K. I’m going to push for a raise and if I don’t get it, I’m out of here.”

As we’ve seen, the ideal candidate for a team leader or team player position won’t be mercenary-like in their compensation/reward demands. Instead, if they feel there’s alignment in the rest of the organization—the strategy, culture, role, vision, values, opportunity, etc.—he or she will be willing to take less taxable cash comp than they could get somewhere else. This will support the overall good of the organization and free up enough “cap space” for you to hire other great people as well.
The Final Interview Question
At this stage in the interview process, whether it’s been conducted over an hour or over weeks and months, you should have a very strong sense if this is a candidate you want to hire. But before you go to the final step in the hiring process, there’s one more question you should be sure to ask: “On a scale of 1 to 10, with 10 representing your dream job, what’s your interest level in this position?” If the candidate answers anything below a 10, ask them, “What would it take to make it a 10?”

Asking this question does two things. First, it allows you to gauge the candidate’s interest level, which you’ll need to know as you weigh your options among candidates. Obviously, if it’s a low score, then there’s not a mutual fit and you’ll know up front not to include them on the draft board as a potential candidate. Second, asking this question allows you to discern if there are any remaining perceived obstacles or issues you need to address with the candidate before moving forward to extending an offer.

For instance, if the candidate says, “I’d give it an 8 and what would make it a 10 is a change in the vacation policy. In my current job, I get 4 weeks per year, not 3. The reason why this is important to me is that I work incredibly hard and I value the extra time to think and reflect.”

How would you respond to this? It depends! Is a 3-week vacation policy written in stone? Are you losing a lot of good candidates because your company doesn’t have a competitive policy? Is this something that you can easily address or modify for this particular candidate without disrupting the rest of the culture? The answer isn’t important but having the information certainly is.

If the candidate expresses a sincere and committed interest in joining the team, and you’re aware of what it would take to make the job a “10” for that candidate, then you’re ready for the final step in the hiring process: working your draft board with all your potential candidates and making the right hire.
Chapter 7

Working Your Draft Board to Choose the Right Candidate

“Perfection is not attainable, but if we chase perfection we can catch excellence.”

– Vince Lombardi

Before you work your draft board for any given position, you should have completed a Role Scorecard and assessed one or more candidates for skill level, role fit, and shared vision and values. You should also know their compensation demands relative to the market rate for a company of your size and industry, as well as their interest and commitment level around joining your firm. If you’ve got those things in place, then it’s time to work your draft board.

The purpose of the draft board is to help you hire the best candidate at the best total cost. What do I mean by total cost? Let’s take another look at the draft board example with Gus, Marie, and Hank that I shared in Chapter 1:

![Draft Board Diagram]

Figure 6. The purpose of the draft board is to find the best candidate at the best total cost.

If you’ve read this far, then you already know that, in principle, the best candidate is Gus, the one closest to the target. Gus has the right style fit and high skills and shares...
the vision and values—plus the job is such a good fit for Gus that he is willing to come on board for less cash compensation than he could probably get elsewhere.

Another way to think about it is this. The candidate on the draft board who is closest in proximity to the ideal draft board position represents the lowest total cost and highest value added over time. The candidates who are furthest away from the ideal draft board position represent a higher total cost and lowest value added over time. That’s why Gus is the best candidate. **By total cost, I don’t mean the dollar cost of salary and benefits. I mean the total cost of having that candidate in the system!** If you were to frame the entire hiring process as a question, it would be this: “What are the total cost and potential added value for each candidate, and which one is the best buy?”

Think about it. We’ve already determined that a job candidate is a resource that you purchase on the open market. And, as we’ve discussed, it’s pretty easy to determine that dollar cost—you just know the market rate and what the candidate demands. But the additional costs, while they don’t show up in the financial statements, are just as real.

If the candidate doesn’t have the right skills for the job, then that’s a cost you must bear. Can you train them quickly? Will it be worth it in the end? If this is a hard-to-fill position, it may very well be worth it to invest in training someone with the raw talent and desire.

If the candidate doesn’t have a style that’s a natural fit for the job, that’s a cost too. For instance, imagine you have a candidate who is a Big Producer (Psiu), without other styles to significantly balance the Producing force. There’s a cost to that! What kind of cost? It will show up in one or more of three areas. If this person has a very high drive to produce results, then he or she will tend to:

- **Overlook details, order, and structure in getting things done (i.e., a lack of Stabilizing force), or deliver sloppy work that has errors.** It’s hard to get things done fast and, at the same time, get them done right.
- **Overlook the creative opportunities in getting things done (i.e., a lack of Innovating force).** There’s a difference between lazy and “entrepreneurial” lazy. It’s hard to be both heads-down cranking things out and heads-up, looking around for a breakthrough idea at the same time.
- **Overlook the implications to the rest of the team (i.e., a lack of Unifying force) in getting things done.** This person will tend to be so focused on working hard that they can’t relate to or coordinate well with others on the team.

Then there’s the cost of not sharing the vision and values. How additive or disruptive will this candidate be to the desired culture? Can you afford to have someone on board who’s a mercenary? If so, where do you place them in the organization to minimize that disruption (i.e., that cost)?

Everything has a cost! A smart NFL GM looks beyond the dollar costs and drafts. He signs to maximize the gains and minimize the drains for the **optimum total cost**, time and again. Bad GMs just focus on finding individual talent and then throw money at the problem. Your job as a hiring manager is to be like the smart NFL GM. There is no superman or superbure that can be all things at all times. So you must be aware of the total cost of your hire up front and design around it.
Here’s how to work your draft board: With the idea of total cost in mind, you work your draft board by **triangulating Skill & Fit, Vision & Values, and Candidate Demands** and **comparing the results to the ideal draft board position**.

![Sequence Triangle Diagram]

**Figure 7. Work your draft board starting from the top and moving counterclockwise.**

Always begin with **Skill & Fit**. Do they have high or low skills and is their style a natural fit for the job? If it’s a strong match for both skill and fit, place the candidate in quadrant 1. If there’s only a match with skill or fit, then place them in quadrant 2. If there’s neither, don’t let them on the draft board in the first place.

Then move counterclockwise to **Vision & Values**. If the candidate is a strong match with the company’s vision and values, leave the candidate in quadrant 1 or 2 where you started them. If there’s a weak match, and they started in quadrant 1 for skill and fit, then move them to quadrant 3 as a Specialist. If they started in quadrant 2 for skill and fit, and there’s a weak vision and values match, move them to quadrant 4 and do not hire.

Those are the first two points on the sequence triangle. Now finish the triangle by continuing to move counterclockwise to **Candidate Demands**. If they’re asking for fair market compensation, leave them where you had them in quadrant 1, 2, or 3, respectively.

Note that a candidate doesn’t have to demand above-market compensation to be a #3 Specialist. They just have to exhibit high skills and not share the desired vision and values you would find in a #1 Team Leader. However, if you have a candidate whom you initially placed as a #1 Team Leader (who shares the desired vision and values) and is also demanding outrageous compensation, in this step you will move them to #3.
Specialist. Why? Well, if the compensation demands are outrageous enough compared to market rates for that position, then no matter what, that person is going to be more of a mercenary within the organizational culture. Don’t hire them or, if you do, keep them on the outside as an expert consultant.

It should also be self-evident that if your candidate demands above-market compensation and they were initially in quadrant 2, in this step you would move them to quadrant 4 and not hire them. Why would you want someone on your team who doesn’t have strong skills or fit for the position and demands above-market compensation?

It should also be clear that if a candidate is initially a #3 Specialist and demands exorbitant fees that you won’t or can’t pay, then you’ll also move them to quadrant #4 in this step and not hire them.

Your goal in working the draft board is not to be laser-precise in where you locate each candidate within each quadrant, but rather to get each candidate in his or her correct quadrant, relative to the other candidates. That is, if you can place a candidate somewhere in quadrant 3, or on the border between 1 and 3, or on the border between 3 and 4, then that should be accurate enough to provide the clarity and perspective you’re seeking.

In summary, to work your draft board, always begin at the top with Skill & Fit then move counterclockwise to Vision & Values, and then finally to Candidate Demands. Triangulate each candidate on the draft board. If at any time a candidate reaches quadrant 4, take them out of your pool and do not hire them. The closer a candidate is to the ideal draft board location for that position, the lower the total cost and the better the hire.

I’ve included a number of draft board examples below to help you get a feel for how to work your own draft board. The intent of sharing these examples is not to tell you what to do (every situation is unique) but to teach you how to think about the hiring and people development process.

**Example of a CEO Hire**

Figure 8 below shows an example of a CEO hire for an expansion-stage internet advertising company. This company has a highly innovative founder who is under the gun from the board of directors to find a seasoned executive who can bring more order out of chaos and drive to profitability.

The board and the founder placed the ideal candidate as a 1PSiu, meaning that the new CEO should be a #1 Team Leader who has a high drive to win (Producer) and thrives at making the trains run on time (Stabilizer). The innovative founder says he is committed to the company for the long term and would prefer to take on a VP of Strategy and Chief Culture Officer role (pSIU), while the new CEO executes on the growth plan (PSiu).

The founder has identified three qualified candidates for the board to interview: Cheryl, Daryl, and Meryl:
Figure 8. Sample draft board for a CEO hire.

• **Daryl – 2PSiu.** Daryl is the right style of candidate to complement the founder but he is not an experienced CEO. He’s been the COO at a successful online advertising company and is seeking to make the leap to a CEO position. He seems to get the desired vision and values and is willing to take a cash comp hit for the right position. Because he hasn’t been a CEO, there was some debate on whether Daryl is a #1 or #2 in his skill level.

• **Cheryl – 2PSiu.** Cheryl is a former CEO who recently had an exit from her prior firm. She’s the classic CEO type—she has a high drive to produce and win (Producer) and she’s very innovative and charismatic (Innovator). Cheryl demands market rate comp. She’s proven and successful and she doesn’t come cheap. She’s ranked as a #2 because she doesn’t have the style match that the company says they are seeking (remember that both skill and fit must be a match for a candidate to be a #1). She’s more similar in style to the existing founder than complementary. She also seems more interested in driving to another exit than she does in building a long-range sustainable business—which is a value of the founder—and so she’s ranked lower in Vision & Values.

• **Meryl – 3PSiu.** Meryl is a turnaround specialist. Companies call on him when the shit has hit the fan and they need a no-nonsense operator to extract as much value as possible for the shareholders with little new capital put at risk. Called “Ace” by his friends, Meryl is hard-charging (Producer), but also details- and finance-oriented (Stabilizer). He doesn’t really care what the rest of the culture thinks or how people feel. “Get behind me and get it done” is his rallying cry. After one prior turnaround, his mansion in Bel Air was fire bombed—likely by
some disgruntled employees. He also doesn’t care much for big-picture strategy, feeling it’s a waste of time compared to faster and better execution on what is.

So who’s the best hire, Cheryl, Daryl, or Meryl? You already know the answer. The one closest to the target: Daryl. However, there’s more to take into account here and the important question is this: Who has control in the company, the founder or the board?

If the founder has control, what does he or she really want to do and why? If indeed the founder wants to go the distance and build a sustainable business, then Daryl is the safest, lowest-cost choice. Even though Daryl hasn’t been CEO before, he’s got the raw skills to quickly grow into the CEO role, as well as the right cultural fit and the right style to complement the founder. He’s also willing to put his money where his mouth is by taking less cash comp than he could get somewhere else.

However, if the founder is burned out and just wants out, then he might choose Cheryl to replace him as CEO and recognize that she will need to hire a strong Stabilizer style to act as COO or Director of Operations to complement her weaknesses.

Or, if the board has control, the situation really depends on their level of trust in the founder and the financial pressure the board members are under to create an exit. Are they in it for the long haul or do they need a scalp to show their own investors?

If they’re in it for a quick exit, and they view the founder as a distraction, then they’ll probably want to go with Cheryl since the company isn’t in crisis mode. If the company was in crisis mode, on the other hand, you can see how a panicked board might choose someone like Meryl to dissect the carcass for as much value as possible. It wouldn’t be a lot of fun.

If, on the other hand, the board is in it for the long haul and feels that the founder just needs to receive some mentoring and focus on what he is naturally good at, then they might make a case for Daryl and help the new team meld.

Making the right hiring choice is hard. But using this framework makes unarguably clear to the candidates, the founder, and the board the ramifications of each choice and can spur some insightful dialogue. Even though some tough choices still need to be made, this company will be asking the right questions.

**Example of a CFO Hire**

Figure 9 below shows a draft board for a CFO hire for an expansion-stage software-as-a-service (SaaS) business. The company currently has a CFO, Frank, who doubles as the company controller and also oversees HR and Legal. Always willing to step up and fill in the gaps, Frank was instrumental in the company’s formative years and has a good relationship with the CEO.

Lately, the board has been expressing dissatisfaction with Frank’s performance at the board level. The board wants more CFO-like behavior from Frank—critical strategic thinking, excellent financial analysis, quality monthly dashboard reports, and so on. Frank feels like he could do the CFO job if only he were freed up from the lower-level controller and admin work that sucks up most of his time.

The hiring team has decided that the ideal candidate will be a #1 Team Leader with a pSIu style. That is, the right candidate will have high skills in the CFO function, be
additive to the desired organizational culture, thrive at paying attention to detail (Stabilizer), and identify creative ways to deploy cash and make strategic acquisitions (Innovator). Ideally, the right candidate will accept a fair market compensation package with less cash comp and more equity.

The company has narrowed its choice to one solid CFO candidate, Frannie, who the CEO and the rest of the management team have interviewed extensively. The completed draft board shows how Frank, the internal employee, and Frannie, the external prospect, compare to each other and to the ideal candidate:

![Draft Board for CFO Hire](image)

**Figure 9. Sample draft board for a CFO hire.**

- **Frank – 2PSiu.** It was decided that, in relation to the CFO role, Frank is a #2 Team Player with a Producer/Stabilizer style. Put another way, he’s a good tactical controller but not really a CFO for the next stage of the company. Frank is a great asset, however. He’s always working hard, in early and out late, and always brings attention to detail to his projects. If this was a controller hire, then Frank would definitely score like a #1 Team Leader. He just doesn’t have the requisite skill and fit for the CFO role and your team leaders must be amazingly skillful in their given roles, in addition to being additive to the desired culture. In short, although Frank has been an incredibly valuable contributor in the organization’s development, his skill and fit match are decreasing over time as the organization grows. VCs call this “runway” and would say that Frank has reached the end of his runway.

- **Frannie – 1pSlu.** In the interviews and assessment with Frannie, it was determined that she’s a very strong CFO candidate. She’s been a CFO before and has the requisite background and credentials. She understands the strategic
nature of the job (versus the tactical nature of a controller position) and is a strong cultural fit. She’s not as hard-charging as Frank (few people are). Her PSIU style, therefore, is a pSlu and a strong match for the needs of the CFO role in the company now and as it grows.

We already know that the goal is to hire the candidate closest to the target—in this case, Frannie. This means that the CEO needs to have a heart-to-heart with Frank and let him know that he’s a valuable contributor but not a fit for the CFO role going forward. Can Frank accept this? Maybe, maybe not.

My sense is that Frank wouldn’t really be happy in the CFO role. His style is much more suited to an operator than a CFO. Is there an opening on the operations side of the business that Frank can step into? Is there enough work to accomplish on the admin side for Frank to dive into and add value? Can Frank accept his new role? Obviously, a lot depends on Frank’s state of mind.

I want to point out that there’s nothing wrong or against Frank as a person in this scenario. If the situation were reversed—if Frannie was applying for a job in the admin and controller functions—she’d never be able to compete with Frank’s natural fit. It takes a complementary team to be successful, with each person on the team playing to their natural strengths, styles, and interests. Celebrate what Frank is good at. Don’t bemoan what he isn’t.

**Example of an Inside Sales Hire**
The following example is a case of too much of a good thing. As shown in Figure 10 below, this company is seeking to hire an inside sales rep who’s a #2 Team Player and who has a high drive to Produce and to Unify. Put another way, the right candidate will thrive on working hard and winning deals and at connecting and interacting with the rest of the team and clients. The company has two candidates on the draft board: Mike and Molly.
• **Molly – 2PsiU.** Molly is young and just out of college. She’s very hungry for a job and wants to learn and grow. She’s high-energy, focused, and personable so she’s got the style match for the job. The company has a great sales training program so her lack of experience isn’t an issue. In essence, she’s a great match for this role in all respects.

• **Mike – 1PsiU.** Mike is much more experienced. He’s been in sales for over 15 years. Recently, he has had to deal with a personal issue that required him to leave his last job and spend six months at home on sabbatical. Now he’s back in the saddle and is ready to re-engage his career. The economy is tough and since Mike has been out of the workforce, he hasn’t been able to land a job commensurate with his talents and experience. He’s starting to feel desperate and is now applying for jobs for which he’s way overqualified.

Which candidate should this company hire, Mike or Molly? Let me ask you, would you choose Molly, the one closest to the target or Mike, who’s farther away from the target but clearly a stronger candidate than Molly? Why?

A lot depends on the surrounding conditions, doesn’t it? If you could expand the scope of the role, the best thing would be to shift the target and choose Mike. That’s exactly what happened in this instance. When the company created the Role Scorecard, they indicated that the right candidate would be a #2 Team Player but that they would expand the scope of the role should they come across a #1 Team Leader. When they found Mike, they decided to increase the scope of the role to combine inside sales with channel sales (another open position they needed to fill).
However, if all the company needed in this role was a strong #2 Team Player who could grow over time, then Molly would be the better choice. Now, you might be thinking…Wait a minute—isn’t it always better to hire overqualified people? Isn’t that what Google does? After all, they are rumored to have Ph.D.s performing customer service. Isn’t that smart?

It’s not necessarily smarter or better to hire people who are overqualified for the role. For instance, the reason a company like Google is able to hire overqualified people is because those employees are willing to take a temporary step back in order to try to quickly leap forward. As long as the perception of growth, excitement, prestige, and future payoff exists, then Google can have its pick of candidates and hire overqualified ones. If they lost that perception, however, those overqualified people would eventually jump ship.

In addition, people who take on a position for which they’re overqualified do so for two basic reasons: (a) they just need/want to punch the clock and get a paycheck; or (b) they put a hard timer on the job as a temporary trial (“OK, I’m willing to take this low-level job for 6, 12, or 18 months. If I’m not moving up by then, I’m outta here.”

There’s no evidence that hiring overqualified people to perform lower-level jobs creates higher performance. Besides, if you have only leaders, then you’ll soon have no followers. As I cover in Part IV of my book *Organizational Physics: The Science of Growing a Business*, the real secret to high-performing teams is having a complementary mix of styles, experiences, and qualifications on the team and to put people into roles in which they’re naturally engaged and excel.

**Example of a VP of Engineering Hire**

Two co-founders have built an SaaS business to $50M in annual sales and the business is growing 30% per year. One co-founder, Mikey, is on the business side and plays the roles of CEO and Strategy. Mikey’s style is PsIu. The other co-founder, Mitch, is on the technical side and plays the roles of CTO and VP of Engineering. His style is also a PsIu. He works incredibly hard and understands the technology very well, having built the early prototype himself.

Even though they have very similar styles, Mikey and Mitch have worked very hard and well together to get to where they are. Mitch has been able to translate Mikey’s vision into a great technical product while moving at a very rapid pace and anticipating technology changes. They both recognize that each of them is essential to the total business and that their skills don’t overlap.

The company is now having problems with its product development cycles. While the development team is working crazy long hours, things aren’t moving that fast any more. The product is built on a spaghetti code that’s causing a lot of hidden interdependencies to emerge. For instance, a recent security update blocked out over 50% of their monthly subscribers from accessing their accounts for three days. Painful.

In addition, the company is attracting a new type of customer: one who demands a robust product offering with high quality code and great usability. The company needs great product marketing as well as a great technical product. It also needs to better manage how it goes about gathering user requirements and translate them into high quality working software, versus what Mitch wants to code next.
Mikey and Mitch have had several conversations and, with the help of a coach, it was decided that Mitch would shift over into the CTO role and the company would hire a VP of Engineering: someone who could thrive at bringing order out of chaos, working well across departments, communicating with product management, and working with agile software methodologies.

The draft board location they chose was a #1 Team Leader with a PSiu style. They felt that the right candidate would need a high drive to Produce results fast. He or she would also be able to bring order to the chaotic development process, Stabilizing how it gathers requirements and ensuring efficient, high-quality software development and releases. In addition, the right candidate would be good at Unifying a team both within their domain and cross-functionally.

Does the VP of Engineering also need a high Innovating force? He or she needs some Innovating force—just enough to appreciate the need to be creative, to drive forward new innovations, and to understand and translate the Innovating factors that will come from Mitch in the CTO function and Mikey in the CEO and Strategy function. In short, the real Innovating force for this business will come from Mitch and Mikey. The right VP of Engineering candidate won’t compete with that but will complement it and be able to translate it into the product.

The company found Marti, a very qualified VP of Engineering who’s an author of several agile methodology books and has helped to transform three different product development processes successfully in her past companies. Marti seems to have the desired vision and values and she’s a PSiu style with a healthy Unifier to boot. She’s a little bit more expensive than the company wanted to pay but still within market rates. So what happened?

Making great hires is not only about the up-front hiring process; it’s also about the post-hire integration process. Who do you think is going to have the hardest time integrating after the hire is made? Marti the new VP of Engineering, Mikey the CEO, or Mitch who’s now given up the VP of Engineering hat and is now solely in the CTO role?

The answer is Mitch, right? Mitch is a PSIu style. The CTO job requirements are for a pSIsu style (someone who can anticipate and respond to trends and architect solutions). Mitch is going to feel very frustrated that he no longer has a place to put his Producer energy.

Where does he go now to work and fight incredibly hard, day in and day out? How do his CTO-level solutions get integrated into the product development roadmap? Can’t you easily imagine that Mitch will have some great technical ideas that he'll want to see integrated right away? And won’t he default into going to software engineering, just like he’s done for the past five years? “Hey guys, I’ve come up with this really cool solution. Can you just cram it into the next release? Who cares about the process. We need to do this!”

Trust me. If you’re in the software development team and have a long working history with Mitch, your former boss as of last month, you will definitely feel the need to honor his request and get that feature set in. And of course this would totally bypass Marti in her role as VP of Engineering. Marti is working hard to put good processes in place—processes that the company must execute well on if it is going to escape its current product development problems.
Now Marti has to deal with a wildcat CTO who’s not only not following the early process; he’s disrupting it. He’s distracting the team and he’s usurping Marti’s attempts to establish her own level of authority and influence. Marti has no choice but to go and talk to Mikey, the CEO and Mitch’s co-founder.

“Heh, Mikey,” Marti says, “I hate to bring this up with you but here’s what’s going on. You and the rest of the leadership team agreed that we would implement an agile development methodology. Among other things, this means that the Product Manager will gather and prioritize all requirements for each sprint, and then the development team will rapidly code without distraction during that sprint. Yesterday, in the middle of the sprint, Mitch came directly to the development team and had them break the sprint to do only God knows what. It’s caused a massive level of confusion and a loss of productivity. How should I handle this?”

Mikey replies, “Damn it! I knew that this would happen. I knew that Mitch would have a hard time operating within a process. He’s a kick-ass developer and has a work ethic like no one else but asking him to follow a process is like asking an elephant to roller skate. I’ll talk to him, though, and let him know how important it is to stick to the process.” Marti is losing a lot of confidence in her decision to join the firm but goes back to work and starts to create a plan to fire any and all legacy developers who still seem to maintain loyalty to Mitch.

This scenario is all too common. A smart leader will anticipate the ramifications of a new hire and put as much effort into integrating the new hire as he or she does in making the hire. This often means coaching, mentoring, and reinforcement of desired new behaviors for the existing staff as it does for the new hire. Mikey could have gone a long way toward preventing this problem up front by getting coaching for Mitch, sending Mitch away on a six month sabbatical (the new process needs to be firmly in place for short-run execution before the company can even consider long-range developments influenced by a CTO), by enforcing a systematic new product development process that everyone follows, or all of the above. But just making the hire and hoping that there’s a miraculous behavior change is a recipe for failure.

**Example of a VP of Marketing Hire Gone Bad**
The following is an interesting example because it highlights how important it is to first accurately identify the right style of candidate up front. The right style of candidate will complement the surrounding team and lifecycle stage versus being textbook perfect. It’s also a testament to how important it is to have talented leadership at the top of the organization for the draft board framework is only as good as the people working it. In this case, the draft board shown in Figure 11 below is for a Director of Marketing hire.

Six months ago, the company thought it needed a VP of Marketing who could understand a rapidly changing market, ensure sound processes, and expand its marketing mix. The CEO and Board of Directors decided they needed a #1 Team Leader who was a Stabilizer/Innovator (pS1u) style. This makes sense on paper. The Stabilizer style would bring a sound process and attack the marketing challenge in a systematic way. The Innovator style would be comfortable and excited by changes happening in the market. The candidate they chose, however, turned out to be a total disaster. Here’s what happened.
The co-founder and CEO is a PsIu style who fancies himself as a pretty good marketer. He doesn’t have the time to do marketing and he knows he shouldn’t be doing it, but he definitely has strong opinions about it and where the market is headed. The company has a ton of pressure to hit its quarterly and annual numbers. So far, the majority of its sales are driven through search engine optimization. The CEO agrees that the company needs to uplevel and expand its total marketing efforts beyond SEO but he’s afraid that they won’t have the funds to do it.

The company identified several candidates and ultimately hired a VP of Marketing who had a lot of experience in their industry, was a pSlu style, seemed to share the vision and values, and came on board for a market-rate compensation package.

The new hire started and, like any good Stabilizer/Innovator style, went about the job in a very thoughtful, pragmatic way. He spoke often about the need to first build a marketing foundation and to improve the existing CRM before investing heavily in new channels. “If we can’t measure it, we can’t market it,” was a favorite saying. He created some impressive presentations that captured the market trends and positioned the business in the magic quadrant.

The slower Stabilizer pace of the new VP Marketing drove the CEO—who thinks, speaks, and acts like a rapid-fire machine gun—crazy. At first the CEO was thrilled to have another creative mind around to bounce ideas off of. But when two high Innovators compete for the strategic direction of a company, one will often feel stymied and frustrated. Soon, a conflict of vision emerged between the VP of Marketing and the CEO (whether it was a real disagreement or just a conflict of styles remains open to interpretation).

In addition, the VP of Marketing wasn’t an expert at SEO and the SEO traffic soon began to fall off. Sales went down. The drama between sales and marketing went up. This, combined with the VP of Marketing’s slower pace and the brewing conflict with the CEO on strategic marketing direction, caused the CEO to fire the VP of Marketing and to write a really big severance check. The board was not pleased.

Now the company is back at the draft board and this time, it has adapted its Role Scorecard to be more complementary to the CEO’s own style and needs. In this case, the CEO has decided to take control of strategic marketing while getting the support of someone who can execute on day-to-day marketing tactics. The VP of Marketing position has become a Director of Marketing position written for a candidate who is an expert at performing SEO. The thinking is that, once revenues are up again from SEO, they can reconsider a VP of Marketing hire who can take a broader approach. But for now, the CEO thinks he can execute better with a director-level hire who just gets the daily work accomplished without a lot of discussion.

The CEO also believes that he doesn’t need a candidate to buy into the desired vision and values: “They’re not going to be on the leadership team level anyway, so why bother. Besides, it’s a really competitive market and I can’t afford to wait around to find the perfect candidate. I’ll take anyone with the skills to get the job done.” The CEO scored the desired role as a #3 Specialist with a Producer/Stabilizer style—someone who can step in and execute his vision with speed and accuracy. Here’s what he got:
How to Think About Hiring: Play Smarter to Win the Talent Management Game

In this example, there are two candidates, Bobby and Robby, who are pretty comparable. Robby wants more money and seems to have a slightly higher skill set. But it’s mostly a toss-up. It will probably come down to the details of the offer and which candidate can start quickly.

Hiring is complicated, right? Do you agree with the CEO’s decision on how to move forward? If so, why? If not, in which direction would you have gone? Would you have hired a third-party SEO consultant to drive revenue in the short run while looking for an ideal candidate? Would you have gone back to the Board of Directors and made the case for more investment and a second shot at the VP of Marketing hire? If you were on the Board of Directors, would you start to question if the co-founder and CEO had the maturity level to scale the business?

My personal view is that the co-founder CEO, a big Producer/Innovator type, is excellent at driving short-range results but is terrible at building a business for long-term growth and sustainability. He just doesn’t have the maturity and awareness yet to balance the short and long range together.

What will likely happen is that the CEO will continue to find excuses to hire junior-level specialists around him. That gives him the feeling of speed and control that he craves. It works in the short run. It doesn’t work in the long run. Soon, the CEO will feel more and more burned out with having to manage so many different aspects of the business. Better-managed competitors will soon start to launch new products and services that the CEO wanted to launch years ago but can’t seem to get his junior-level team to execute on.

Perhaps you’ve seen this situation before too? I’m sharing it now to drive home the point that having a hiring framework can be very powerful but not foolproof. It’s easy to
fall prey to fear, time pressure, and expediency. It’s easy to hire a #3 Specialist when what’s really needed is to hold out for the right style of #1 Team Leader. Many NFL teams study how the Patriots and Saints operate their franchises but very few are able to emulate them year in and year out. Who’s running the draft board is just as valuable, probably more valuable even, than the framework itself.

Example of a Political Crony Bad Hire, and How to Avoid It

Let’s say that you are the CEO of a startup and you’ve raised $500K in financing from one local angel investor. The local angel investor, we’ll call him Boss Hogg, doesn’t have the greatest reputation for integrity. When you took the money, you were hopeful that you could keep Boss Hogg at a distance. Maybe provide him with a quarterly update, but definitely not have to deal with him as an active investor.

You’re regretting your decision now because Boss Hogg is all up in your business. He’s asking to meet every few days to go over this idea or that issue. Then last week, Boss Hogg “suggested” that you hire his nephew Tim as your VP of Sales.

“Tim is a fantastic guy,” Boss Hogg says. “I want you to hire him to lead the sales efforts. We need a great sales guy. He’s never sold software before but he’s one of the best natural salespeople I’ve ever met.”

“Uhhhh, okaaay, where does he work now?” you ask.

“He works at that fancy new bar on Main Street. The customers love him. He’s also created a menu of custom drinks that, according to him, has increased the average customer order by $3. I’m telling you, he’s very creative and an amazing sales guy. You two should get together and see how it goes.” (Hey, don’t roll your eyes at how inconceivable this little scenario is. I actually had it happen to me early in my career.)

Ok, now what do you do? Well, let’s admit that you’re in a tight spot. If you hire Tim, then you’re getting a person without experience who’s also a crony of your lead investor. Maybe you’ll get lucky and he really is a diamond in the rough who can lead your sales efforts.

If you say “no” to Boss Hogg, then your life is going to get measurably worse. He’ll start to spread rumors around town that you’re not to be trusted; he’ll continue to put pressure on you to hire Tim even after you’ve said “no”; and you’ll be constantly dealing with the fallout of the decision that will steal from your capacity to grow the business without distraction.

How can you make the right decision for the business and still keep the distraction from Boss Hogg on this issue at a minimum? You work the draft board process and make it unarguably clear who the right candidate is … and this means that you have to be open to considering Tim too. Here’s how it might go down.

“Boss Hogg,” you reply, “thanks for bringing Tim to my attention. He sounds like someone who’s worth getting to know. But before I meet with him, I need your help in figuring out what are the total characteristics we need in the person who will head up our sales. Take a look at this Role Scorecard that I’ve created for the position and let’s make sure we’re in alignment on this and then we can think about who we want to hire.”

If Boss Hogg replies, “I don’t know about no new-fangled process, damn it, and I don’t care! Just hire Timmy and hire him fast,” then of course none of this is going to
work. With a response like that, you know that you’ve got to either fight or submit to the will and influence of Boss Hogg. But if he replies, “OK, it makes sense to think clearly up front about who we want to hire, so let’s do it,” then you’ve still got a chance to make a smart hiring decision.

If you gain mutual understanding and agreement on the Role Scorecard, then include Tim as one of the candidate on the draft board. “Look here, Boss Hogg,” you say. “We agreed here in the Role Scorecard that we need a #1 Team Leader who’s a Producer/Unifier style (PsiU) and who has experience selling software and building teams. We’ve interviewed three candidates. Tim is definitely the right style—you called it. He’s a high Producer and high Unifier. But he doesn’t really have the skills to lead up our sales efforts. I like Tim and he does seem to reflect our vision and values. He’s also really cheap. I’ve ranked him as a #2 Team Player.”

“You can compare Tim to Ilene,” you continue, “Ilene, has the style we’re after too, a PsiU. Not only that, she’s definitely got the skills to lead up our sales efforts and build the team. She’s done it for the past five years at ACME Corp. and they just went public. She knows the space and the buyers, and she’s well regarded as a person around town. Also, because of her recent exit, she’s willing to take less cash comp and more equity, so that’s ideal considering our cash position.”

“As is clearly shown here,” you point to the draft board for Boss Hogg to see, “Ilene is a superior choice based on all of our criteria. You can’t look me in the eye and tell me that we should hire Tim instead of Ilene, right?”

Boss Hogg has been beaten. Having everything written down on paper—the Role Scorecard and the draft board—helps him to see that he was reacting emotionally, as opposed to rationally, about Tim. He will have to have a tough conversation with Tim, but it will also be easier with this information. “Tim, sorry you didn’t get the job, but this candidate we came across is just a much better fit based on all of these criteria.”

Notice that, by pointing to the criteria, you spare Tim from having to think that he failed as a person. Tim didn’t fail. He just wasn’t a match for the criteria. It’s a small change in perception, but one that can make a big difference in how to manage emotions that come up during hiring and promotions from all sides.

Put another way, working a sound draft board process can also turn the nebulous and emotional act of being asked to hire a friend or family member into a conversation based on more “objective” criteria. It may turn out that these referrals are actually perfect for what you need (as mentioned previously, the best hires are usually through referral sources). But they need to match the criteria, not the heartstrings of the referrer.

**What To Do When You Can’t Hire the Ideal Candidate**

It will happen. You invest months in trying to land the perfect candidate and the deal falls through. Or the job market is so competitive that you just can’t find the right style of candidates. You can’t afford to start the search again and you can’t afford not to have this position filled with *someone*. What do you do in this case?

This is another smart reason for using the draft board hiring process. You know who your ideal candidate is. But you also know where the other candidates stand and what their relative strengths and weaknesses are. If you do need to go to the well and select
a non-ideal candidate, then you also know what’s required to help him or her be successful.

For instance, let’s say you were in the job market for a 1pSiU candidate for a Director of Operations position. That is, you need a team leader who can bring order out of chaos (Stabilizer) and is great at creating harmony in the team and with the clients (Unifier). You’ve been referred to an amazing candidate, Peter who has a 1pSiU style. As you interview Peter, you’re thinking to yourself, “We’ve got to hire this guy. He’s perfect for us!” You do your best to recruit Peter but he can’t be convinced to leave his current employer. Damn!

You have another candidate on the draft board, Michael. While you liked Michael as a cultural fit, his style wasn’t ideal. He’s more of a 1PsIu. Very creative, good at channel development, but not ideal for making the trains run on time and coordinating a dispersed operational team, exactly what you need in the Director of Operations role.

I’m not going to recommend that you hire Michael. But if your back is up against the wall and you need to fill the position with someone, then you already know up front where Michael is going to be strong and where he’s going to need support. If you did hire him, then you know you’d need to support him with a strong project manager who may not have the same level of business experience, but will be good at complementing Michael where he’s weaker.

Again, hiring a role-misfit is not ideal and it’s something you’re trying to avoid in the first place, but using the draft board allows you to enter any relationship with eyes wide open. It’s like having an astute sense of what you’re going to get for your birthday, even before opening the present. If you’re forced into a situation like this, at least you know up front where things have a chance of breaking down and how you might take preventive measures.

Getting the Team Involved in the Hiring Process
I mentioned in Chapter 2 how critical it is to get buy-in on the Role Scorecard from a critical mass representing authority, power, and influence in the company before engaging in the interview process.

You’ll also need to get buy-in from the same group of people on who the right candidate is. My suggestion is for the hiring manager to weed out the non-ideal candidates first and then to involve the larger hiring team to select the best candidate out of a pool of vetted and qualified candidates.

If you’re the hiring manager, it’s critical that you explain the draft board framework and process to the rest of the hiring team, just as you did with the candidates themselves. That way, everyone is on the same page.

Depending on the time frame and criticalness of this hire (investing more time and more interviews for the more critical hires), you can run a group interview, individual interviews, or both. There’s no set rule here, other than that everyone needs to understand the hiring process you’re using and what makes an ideal candidate.

Actually, when it comes to your team’s contribution, there is one thing you really should do. Don’t just tell the candidate what it’s like to work with you; show him or her what it’s like. In other words, get your candidate interacting within the broader company environment, even in a casual way, so he or she can experience the culture. As I
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mentioned before, it’s not enough to pay lip service to job candidates. You need your team to spend time with them and show them what it’s like to work at your firm. This will make it a lot easier to find the right match for your culture and save you time and grief in the long run.

There’s another important thing I want you to keep in mind. When it comes to involving the broader team in the candidate selection process, it is very helpful to first understand the PSIU styles and any conflicts of interest that may exist within the larger hiring team.

Members of the hiring team will have their own PSIU style that can cloud their perception and judgment of the ideal candidate. For instance, a high Producer will want to see more high Producers on the team. He or she won’t value the approach and style of a Stabilizer, Innovator, or Unifier nearly as much. Or a high Stabilizer will value another Stabilizer’s speech, approach, and focus but will be turned off by a high Innovator. A high Innovator will like styles that support their own vision but who don’t compete with them for air time or attention. Unifiers on the team, however, will be most naturally inclined to spot the strengths and appreciate the differences of multiple styles. (You can learn more about the friends and foes of each style in my book Organizational Physics: The Science of Growing a Business.)

As the hiring manager, you need to be aware of the styles on the hiring team and filter out their biases to find the right common ground. This is one reason why it’s so critical to use and get buy-in on the Role Scorecard up front. This gives the hiring team a focus to cut through any personal idiosyncrasies on the hiring team. We’ve already agreed that we need a PSIU style for this role, right? So which of these candidates is closest to the ideal hire and why?

You’ll come across two types of PSIU biases in the hiring process that you may need to adjust for. One type of bias comes from how the hiring manager or hiring team indicates the desired PSIU style of the candidate. The other type of bias shows up in how the candidates identify their own desired PSIU style.

Let’s start with the hiring manager bias. When the hiring manager creates the Role Scorecard, they identify the desired PSIU style for a candidate. Is the hiring manager astute and mature enough to assess the existing needs of the team accurately and identify the complementary style that’s most needed for the lifecycle stage of the business unit?

The answer depends on the hiring manager’s level of self-awareness, as well as his or her self-interest. The hiring manager is likely under tremendous Producing pressure. He or she has a lot of work to do and too little time to do it. So they naturally want someone on the team who can step up, work hard, and get the tasks completed. The tyranny of the “now” always overpowers the need for long-range development.

One of the reasons I provide email and phone support to hiring managers is to help them adjust their hiring bias when we see it. Often, just asking the hiring manager to clarify why they think they need a certain kind of candidate will inspire self-reflection and insight about what’s really required in the role.

The other method to adjust for bias is the practice of getting buy-in from the hiring team on what style the role requires and why. It’s much less likely for five people to have the same bias as one. Remember that the goal is not a self-similar team of all
Producers or all Stabilizers, etc. It’s a complementary team of skills and styles that mesh well together to create something larger than the sum of the parts.

While some hiring managers will tend towards a Producer bias, some candidates will tend toward an Innovator bias in how they desire to be. Why? We’re culturally conditioned to celebrate entrepreneurs, to take risks, and to start businesses. Young candidates especially will tend towards desiring to be higher Innovators. They read about startups and entrepreneurs or join a start-up boot camp. They dream about creating breakthroughs in the future and being recognized and lionized for their accomplishments.

You can check this bias in the interview process itself. Has this candidate demonstrated high Innovation in their past? Or is this just wishful thinking? If you want to hire a candidate who desires to express more Innovation, how can you position the job to support their desire to be more creative, autonomous, and recognized in their work without disrupting the actual work that needs to get accomplished?

Bias is everywhere. The point of the new hire process is not to be perfect but to frame up how to think about the hiring process in a powerful way. When you know the biases to look for, then it’s pretty straightforward to adjust them up or down depending on the situation and need.

Finally, there is one last issue to keep in mind. Members of the hiring team may perceive a conflict of interest around this hire. Is this new hire taking away political clout from someone? Is it a future threat to another? Are there any angles being played here, and what is the best outcome for the organization, now and in the future?

If a conflict of interest seems to be afoot, a leader’s job is to reconnect the team with the higher order vision and values. Remind the hiring team that if anyone on the hiring team is going to be successful, then the company needs the right talent in the right roles, with everyone working collectively towards a common goal. The members of the hiring team must be able to put aside any perceived short-term personal loss in exchange for this long-term collective gain. How you get people on board is the subject of Part IV of my book Organizational Physics: The Science of Growing a Business.

Reference Checks and New Hire Risk
You’ll notice that in this entire process, I haven’t yet mentioned a staple of HR administration: the reference check.

I think reference checks, especially calls made to the candidate’s former managers and even direct reports, can be a helpful routine part of the hiring process. If you do them, focus on gleaning insights on the candidate’s character, how they approach their job, and how they go about managing others.

Reference checks are most useful for weeding out the worst candidates, and oftentimes a suspiciously lukewarm endorsement can be all you need to change course on a potential hire. Conversely, how many candidates that were enthusiastically or matter-of-factly endorsed turn out to be terrible hires? I’d venture to say quite a few.

There are three things that work against reference checks being an accurate predictor of job success:
• Culture is different. What worked in one company’s culture may not be a fit in your own. Much goes into making someone successful, especially the players that surrounded that candidate.

• Timing is different. You can’t step in the same river twice. The market timing then, or the candidate’s surrounding life conditions then, may have radically changed.

• Perspective is different. People judge skills and talents very differently. While the sales skills at the candidate’s prior company may have been judged as very high, perhaps they’re a bunch of idiots?

Keep in mind, therefore, that any reference check—provided you don’t learn something so extreme that it’s a deal breaker—should be measured against the context of all the other information you’ve gathered firsthand, including the candidate’s skills test, PSIU style, and vision and values.

Don’t bother contacting any personal references they gave you. It’s a waste of time because those references are likely friends or at least good acquaintances of the candidate and they won’t want a negative review to come back to haunt them. If the candidate really did leave a job with enemies or with burned bridges, they wouldn’t list those people as references anyway.

That said, how can you avoid making new hire mistakes? You will certainly make them at some point. You will hire the wrong person for the right role and vice versa. Hiring and people development are a tricky proposition, no matter what framework you use. Like playing the stock market, the best you can hope for is a slight edge that is sustained over time.

As we’ve discussed, employees can be your greatest asset but they can also be your greatest liability. There are 101 ways that an unscrupulous employee can sue or harm your business, even without a valid claim, and make your life miserable.

Therefore, the best offense is often the best defense. Slow down the hiring process. Hire slowly. Date before you get married. If possible, start the employee on a 90-day trial period or as an independent contractor. There are things you can only learn about each other in the heat of battle and in the mundane minutiae of the everyday. So make it easy to date and see if there’s a mutual fit.

If it’s clear that it’s not working out, end it quickly. Always treat people with respect and dignity. If it’s not a fit, generally no one is to blame. It’s just not a fit. Give them a fair to generous severance, get those liability waivers signed, and both of you get on your way.

Closing the Deal with Your Preferred Candidate
You’ve run a fantastic hiring process, you know who you want to hire, the candidate is highly interested, and you’re ready to extend an offer. But this is a great candidate and he or she is weighing several other options from competing firms. So how do you close the deal?
First of all, if you’ve followed a good interview process like the one we’ve gone over, then the candidate should be “wowed” by your organization, your approach, your clarity, and your focus. This alone should set you ahead of most competitors.

Second, you obviously can’t force a candidate to choose your company. You can, however, influence him or her. At this stage in the interview process, you should know the candidate quite well. What makes them tick? What do they really want out of life? Is there a match with your organization? How can you communicate it? Are there creative or special things you can do to show the candidate that your firm is really their best option?

Third, the mindset of collaboration versus competition is equally powerful in closing the deal as it was during the interview process. Don’t treat the wooing process as a competition between suitors. Instead, focus on what’s best for the candidate and help them make the right choice. Ask questions. Give perspectives. Share stories of a time when you were in a similar situation. Use your influence, not coercion. After all, would you want to marry someone who really wants to be with someone else? If you do, you might win the temporary victory but lose the war and be saddled with a really unhappy, mistrustful marriage.

Fourth, understanding the candidate’s current and desired PSIU style allows you to tailor your sales message so that it sounds like music to their ears. Here’s how:

- If the candidate desires to express more Producing force in their career, sell your organization’s autonomy, speed of execution, low BS, and ability to get things done and make a lot of money. Allow this candidate to spend time with other go-getters in the company and pick up on the raw energy available in your organization.

- If the candidate desires to express more Stabilizing force in their career, sell your organization’s focus or need for high quality, professionalism, doing it the right way, and decision-making based on analysis. Give this candidate the information and time they need to process their decision and then encourage them to be bold.

- If the candidate desires to express more Innovating force in their career sell your organization’s leading-edge thinking and products, lean-forward nature, creative spirit, and the opportunity to take bold risks and do something great. Show this candidate that you value his or her ideas and show how you might be able to implement them in the organization.

- If the candidate desires to express more Unifying force in their career, sell your organization’s teamwork, camaraderie, fun cultural events, friendships, and mentoring opportunities. Hang out with the candidate. Have a good time. Be open and intimate. Answer their questions and share a lot of stories.

In short, as you master the draft board framework, you’ll find that your capabilities as a recruiter and astute judge of people growth with it. You’ll find that it gets easier and easier to land the right talent as your organization gets better at running its business, including hiring the right talent.
Bring It!
So this is it! We’ve reached the end. You should now feel well equipped to engage your first few candidates in this very powerful hiring process. You do that by creating a Role Scorecard and then following the five steps to making a great hire.

Like anything in life, it takes practice to feel truly confident and comfortable in a new approach, and the way to gain that confidence is by actually doing it. As Theodore Roosevelt said, "In doing your work in the great world, it is a safe plan to follow a rule I once heard on the football field: Don't flinch, don't fall; hit the line hard." You’re now at that point. Go hit the line hard and get a few interviews under your belt.

As you do this, there are three key takeaways that I’d like you to remember:

1. Consistently great teams don’t scout and hire for talent. They scout and hire for talent that is a supreme fit for their system. They always think about building a team with a strong collective identity at a fair price, instead of just collecting individual talent at any price.

2. Successful hiring is a two-way street. It’s a collaboration between you and the candidate, not a competition between you and the candidate. Develop the mindset of collaboration and you’ll not only make better hires, you’ll have a lot more fun and make more friends at the same time.

3. The ultimate goal of making a great hire is to select the candidate that has the lowest total cost for the highest performance over time. Everything has a cost to it, and money is just a small factor in that cost. With the idea of total cost and performance over time in mind, you work your draft board by triangulating between the candidate’s level of skill and fit, their level of shared vision and values, and their compensation demands compared to market rates. You compare your possible candidates to the ideal draft board position and then choose the candidate that is closest to the target!

My goal in this book was to equip you with a framework for how to think about hiring. In the coming years technologies will certainly evolve. Interviewing techniques will get more nuanced and targeted. You’ll have more data at your fingertips. And now that you understand the principles contained within this book, you can get out ahead of the curve. You’ll have that quiet confidence that comes from knowing your framework for hiring will always be applicable; it cuts through the noise; it reveals what matters most; and it makes the complex simple.

Good luck out there and here’s to your successful new hires!
Appendix: Hiring Checklist

Available for download at http://www.OrganizationalPhysics.com/hiring/freebooktools/

STEP 1: Prepare for your hire

At the conclusion of Step 1, there should be vivid clarity and strong buy-in around the ideal candidate profile for this role. You should also feel well prepared to interview qualified candidates.

- **Complete Role Scorecard.** Get clear on role requirements, desired draft board position and PSIU style, accountabilities, KPIs, and market rate comp for this role.

- **Get Buy-In.** Use the completed Role Scorecard to get buy-in up front from those who will be impacted downstream by this hire.

- **Prescreen Candidates.** Do you have several qualified candidates who you're ready to assess further?

  - Conduct phone or video pre-screen. If successful, then,
  - (Optional) Send candidates the New Hire PSIU Style Assessment and note results.

- **Collect and Review Materials.** Do you have the materials you need to run a successful interview?

  - Completed Role Scorecard
  - Blank Draft Board
  - (Optional) PSIU New Hire Style Assessment results for each candidate
  - (Optional) 1-Page Structure and 1-Page Strategic Execution Summary, or similar

STEP 2: Determine Skills & Fit

At the conclusion of Step 2, you should be able to accurately score the candidate’s skill level and role fit as a 1 (high) or 2 (low), as well as have a good sense of their top two dominant PSIU forces (PSiu, Pslu, PsiU, pSlu, psIU, or pSiU).

- **Interview**

  - Introduce yourself and the process. Ask the candidate any background questions you still feel you need to ask.
  - Share and discuss the Role Scorecard. Encourage and address candidate’s questions.
  - Discuss Role Fit. Does the candidate’s PSIU style match the desired PSIU style? Address discrepancies between the two, allowing the candidate to comment.
  - At some point in this process, determine Skills Fit (skills test).
STEP 3: Determine Vision & Values
At the conclusion of Step 3, you should have a good sense of who the candidate is as a person. If you ranked them as a 1 at the prior step and they seem to share the desired vision and values, leave them as a 1. But if they were a 1 and don’t seem to share the desired vision and values, make them a 3. If you ranked them as a 2 in the prior stage and they seem to share the desired vision and values, leave them as a 2. But if they were a 2 and don’t share them, make them a 4 and do not hire.

- **Assess Vision and Values**
  - Use *past why and future why* method, in addition to other means of getting to know the candidate, as appropriate. Also notice how you feel when you are with the candidate (uplifted, energized, curious vs. drained, irritated, etc.).

STEP 4: Determine Candidate Demands
At the conclusion of Step 4, you should have a good sense of what the candidate demands in return compared to the going market rate. If it’s a fair exchange, leave them in their existing location on the draft board. If they demand more than market rates, and if they were a quadrant 1 in the prior steps, move them to a 3. If they were a 2, move them to a 4 and do not hire.

- **Discuss Compensation**
  - Ask candidate about his/her total comp demands.
  - Explain company’s total offer, including non-cash comp and rewards.

- **Assess Commitment Level**
  - On a scale of 1 to 10, how interested is the candidate in the job? What would make it a 10?

STEP 5: Work Your Draft Board
At the conclusion of Step 5, you should be able to place the ideal target candidate, as well as all of the qualified candidates you’ve interviewed for this position, in their correct relative locations on the draft board. Your objective is to choose and recruit the candidate who is closest to the target—the ideal candidate.

- **Place candidates on the draft board**, identify the candidate closest to the target, and discuss any contingencies, special circumstances, or follow-up arrangements with your hiring team.

- **Close the deal and integrate** your chosen candidate.
To access the complete Organizational Physics Hiring Toolkit, including free templates and more, visit www.OrganizationalPhysics.com/hiring/freebooktools.

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About the Author

Lex Sisney is the creator of Organizational Physics and is an expert at creating breakthroughs in individuals and organizations. He has grown from co-founder and CEO of the world’s largest affiliate marketing company to CEO coach to the world’s next generation of expansion-stage companies.

Lex began his journey as the co-founder, CEO, and Chairman of Commission Junction, the world’s largest affiliate marketing company, which he grew to over 100 employees and 5000% compound annual growth rate over a four-year period, and which now processes billions of transactions and supports hundreds of thousands of online publishers and merchants.

Through his own challenges founding and leading fast-growing companies, Lex began a quest to find a simple, effective paradigm for other founders and CEOs to achieve market-leading, differentiated, and profitable positions for their companies. After years of work in this field, Lex discovered that organizational success can be distilled to some simple, yet powerful principles clearly explained by the classic laws of physics—laws that were true 10,000 years ago and will be just as true 10,000 years from now. His unique approach combines a powerful theoretical framework with practical methods to guide organizational leaders toward greater success and work/life satisfaction.